

CHINESE INFLUENCE ON U.S. FOREIGN POLICY
THROUGH U.S. EDUCATIONAL INSTITUTIONS,
MULTILATERAL ORGANIZATIONS AND CORPORATE
AMERICA

HEARING

BEFORE THE
SUBCOMMITTEE ON OVERSIGHT AND
INVESTIGATIONS
OF THE

COMMITTEE ON
INTERNATIONAL RELATIONS
HOUSE OF REPRESENTATIVES
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CHINESE INFLUENCE ON U.S. FOREIGN POLICY THROUGH U.S. EDUCATIONAL INSTITUTIONS, MULTILATERAL ORGANIZATIONS AND CORPORATE AMERICA

TUESDAY, FEBRUARY 14, 2006

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS,
COMMITTEE ON INTERNATIONAL RELATIONS,
Washington, DC.

The Subcommittee met, pursuant to notice, at 2:06 p.m., in room 2172, Rayburn House Office Building, Hon. Dana Rohrabacher (Chairman of the Subcommittee) presiding.

Mr. ROHRABACHER. I call this meeting of the Oversight and Investigations Subcommittee to order.

I would like to begin this hearing by honoring the late Constantine Menges for his deep love of freedom and his long, dedicated history of fighting dictatorships and totalitarian regimes around the globe. And of course, I met Constantine and worked very closely with him in the Reagan White House. And at that time no one could ever have believed that Communism would disintegrate in the Soviet Bloc; no one except Constantine Menges, and then, after I talked to him, myself, of course.

It gives me a great deal of pleasure to welcome all of our expert witnesses here today. And again I want to especially thank Mrs. Nancy Menges for testifying today on behalf of Constantine, and to share with us the key points and recommendations contained in Constantine's last book, *China: The Gathering Threat*, which was researched and written just prior to his death. And the book was published after his death, and you might say it was Constantine's final warning. And, as was Constantine's way, it was also his final suggestions of how to alter course, establish a plan, and save human freedom.

Americans have heard the facts about China's ominous military build-up, its brutal repression of Christians, Buddhists, and Falun Gong practitioners. It is stuffed with some of our most powerful military technology. It is a flaunting violation of intellectual property rights. And its working relationship with the world's most deadly and dangerous rogue regimes, such as North Korea, Iran, Sudan, and Burma.

Americans know about China's spread of nuclear weapons technology to Pakistan and to North Korea, its threat against democratic Japan and Taiwan, and its destabilizing territorial claims against our fellow democracies, such as India and the Philippines.

But the American people and my colleagues have heard little about why, how, and in what context all of these unchallenged displays of arrogance and power are taking place.

I believe that by the end of the hearing, it will be evident that the Chinese Government's aim is no less than establishing China as the most powerful force anywhere in the world. They call it hegemony.

As with past evils, the United States is the only force able to thwart this megalomaniacal goal. You know, by the way, I wrote that into the speech myself, just so I would learn it, just so I would be able to say that word, megalomaniacal.

They know that people in the United States are acting as if we don't know and we don't care about this great threat that we face. We need to acknowledge the basic nature of the threat that we are confronting, and that is what this hearing is about.

Let us remember China's middle-kingdom role serves as a unifying foundation and a powerful motivation behind Chinese foreign and domestic policy. And yet, if you are an American policymaker or an academic, and you refer to this extraordinary fact, you will be ridiculed by mainstream policymakers, academics, corporate leaders, and media representatives.

Well, it is time to cut the obfuscation, and to face facts concerning this, the greatest long-term threat to the United States, and to the stability of the world.

And with that, I would pass on to the Ranking Member, Mr. Delahunt, for any remarks he would like to make to open this hearing.

[The prepared statement of Mr. Rohrabacher follows:]

PREPARED STATEMENT OF THE HONORABLE DANA ROHRABACHER, A REPRESENTATIVE
IN CONGRESS FROM THE STATE OF CALIFORNIA, AND CHAIRMAN, SUBCOMMITTEE ON
OVERSIGHT AND INVESTIGATIONS

I would like to begin this hearing by honoring the late Constantine Menges for his deep love of freedom and his long dedicated history of fighting dictatorships and totalitarian regimes around the globe.

It gives me great pleasure to welcome all of our expert witnesses here today and I especially want to thank Ms. Nancy Menges for testifying today on behalf of Constantine to share with us the key points and recommendations contained in Constantine's last book, *China: The Gathering Threat*, researched and written prior to his death. The book was published after his death and you might say it was his final warning . . . and, as was Constantine's way, his final suggestions on how to alter course and save human freedom.

Americans have heard the facts about China's ominous military buildup, its brutal repression of Christians, Buddhists and Falun Gong practitioners, its theft of some of our most power military technology, its flaunting violation of intellectual property rights, and its working relationship with the world's most deadly and dangerous rouge states such as North Korea, Iran, Sudan and Burma. Americans know about China's spread of nuclear weapons technology to Pakistan and North Korea, its threats against democratic Japan, and Taiwan and its destabilizing territorial claims against fellow democracies such as India and the Philippines. But the American people and my colleagues have heard little about why, how and in what context all these unchallenged displays of arrogance and power are taking place.

I believe that by the end of the hearing it will be evident that the Chinese government's aim is no less than establishing China as a powerful force anywhere in the world. They call it hegemony. As with past evils, the United States is the only force able to thwart their megalomaniacal goals. They know that. We act like we don't know or don't care. We need to acknowledge the basic nature of the threat we are confronting.

China's "Middle Kingdom" role serves as the unifying, foundation and powerful motivation behind Chinese foreign and domestic policy. And yet if you are an Amer-

ican policy maker or academic and you refer to this extraordinary fact you will be ridiculed by main stream policy makers, academics, corporate leaders and media representatives.

It's time to cut the obfuscation and face the facts concerning the greatest long term threat the United States and to the stability of the world.

Mr. DELAHUNT. Yes, thank you, Mr. Chairman. And I am sure this will be a fascinating hearing. I have read some of the testimony, and have noted that the witnesses seem to echo similar themes. And maybe in future hearings there could be a more disparate variety of views represented.

But I am looking forward to hearing from these particular witnesses. There is no doubt that the subject of China always provokes a passionate interest.

But, Mr. Chairman, I can't help but believe that this subject matter is more properly before the Subcommittee with the relevant jurisdiction, the Subcommittee on Asia and the Pacific. This is the Subcommittee on Oversight and Investigations. And we have very limited time and resources, with the responsibility of overseeing American foreign policy as executed by this Administration. And I would submit that we are not meeting that particular mandate.

We have held numerous hearings on the United Nations. We have sent staff all over the world to investigate misdeeds by UN officials and others. We have gone to New York; we have had multiple meetings with United Nations officials. And we are just one of many Subcommittees that have focused on this particular issue.

But when it comes to the Bush Administration and its conduct of American foreign policy, they seem to get a pass. I have sent numerous written requests to you and to Chairman Hyde on a variety of subjects, but have yet to receive a response.

I happen to have a particular concern about the mismanagement of United States taxpayer dollars in the reconstruction of Iraq. The reports we get from a variety of sources indicate a level of fraud, mismanagement, and incompetence that is simply mind-boggling. Let me just recite a few examples that I gleaned from the newspaper and other media sources just this past week.

Sixty Minutes did a piece on this past Sunday about billions of dollars that have gone missing in Iraq. Billions. It detailed how a U.S. company with political connections got \$100 million in contracts for doing little or no work.

For example, they were supposed to provide security services for the Baghdad Airport. But an e-mail from the airport's security director said, and now I am quoting from that e-mail, "Custer Battles," that is the name of the American Company, "have shown themselves to be unresponsive, uncooperative, incompetent, deceitful, manipulative, and war profiteers. Other than that, they are swell fellows." That is the end of the e-mail.

Then this from the *New York Times*. The headline is "Wide Plot Seen in Guilty Plea in Iraq Project." Note, this is another American corporation. And again, I am quoting. "Despite a prior conviction on felony fraud that his Pentagon background check apparently missed"—good job, Pentagon—"Mr. Stein was hired and put in charge of at least \$82 million of reconstruction money by the Coalition Provisional Authority," which we know to be the American-led administration that was then running Iraq.

Here is another one, folks. This story is entitled “Audit Describes Misuse of Funds in Iraq Projects.” Again I am quoting:

“A new audit of American financial practices in Iraq has uncovered irregularities including millions of reconstruction dollars stuffed casually into footlockers and filing cabinets, an American soldier in the Philippines who gambled away cash belonging to Iraq, and three Iraqis who plunged to their death in a rebuilt hospital elevator that had been improperly certified as safe.

“The audit released yesterday by the Office of the Special Inspector General for Iraq Reconstruction expands on its previous findings of fraud, incompetence, and confusion as the American occupation poured money into training and rebuilding programs.”

That is American taxpayer dollars, my friends.

“Agents from the Inspector General’s Office found that the living and working quarters of American occupation officials were awash in shrink-wrapped stacks of hundred-dollar bills, colloquially known as bricks.”

It is my understanding that a brick was worth \$100,000.

Then one more. This is from a story entitled “Iraq Utilities Are Falling Short of Pre-War Performance”:

“Virtually every measure of the performance of Iraq’s oil, electricity, water, and sewage sectors have fallen below pre-invasion values, even though \$16 billion of American taxpayer money has already been disbursed in the Iraq Reconstruction Program. Those that had slumped below those values were electrical generation capacity, hours of power available in a day in Baghdad, oil and heating oil production, and the number of Iraqis with drinkable water and sewage service.”

Billions of United States and Iraqi taxpayer dollars are being wasted and stolen in Iraq.

Incompetence and corruption are undermining our efforts there. And I don’t care whether you supported the resolution to go into Iraq or not; this is separate and distinct from that particular issue. The damage it is doing to our international reputation is upsetting. And here we are holding a hearing—this Subcommittee is holding a hearing—on Chinese infiltration of the United States.

With all due respect to my dear friend, the Chairman, I would suggest this is fiddling, if you will, while Rome burns. And I am not suggesting that the issue of China and our relationship with China should not be fully reviewed, but not by us. Not while these issues are dominating the news, and the American people are wondering what we are doing here in the United States Congress to serve as a check and a balance on the Executive.

It saddens me. It embarrasses me, Mr. Chairman, because we should put aside partisan politics, and exercise our responsibility as institutionalists. Otherwise the credibility of the Committee and the House will erode in the eyes of the American people.

With that, I yield back. And I look forward to hearing from this most distinguished panel.

Mr. ROHRABACHER. Well, thank you for your opening statement. The Chair feels compelled just to add a few thoughts.

First of all, we will be hearing testimony shortly on our rebuilding effort in Afghanistan. And hopefully that will provide us a means to look at some of the issues that you have been bringing up about Iraq. That is the number one thing. And I appreciate the Ranking Member's diligence and energy and insistence that we at least look at these very poignant issues. And how we are faring in terms of corruption in the middle of a conflict as is going on in Iraq is certainly important.

I believe that by the end of this session, we will have had several hearings on that. We are starting with Afghanistan, and we have done some major research on that issue.

Just to put things in perspective, I have found myself in chaotic situations during my life. And my father served in the Second World War and Korea, and a little bit in Vietnam. And it is my reading of history that during every conflict, there is a certain degree of corruption that goes with bloodshed and chaos. And whether or not what is going on in Iraq today goes beyond the threshold on which we would say is normally expected with such conflicts, you are right, that is something we should look at.

I would have to say that, however, there are people who play—and I am not suggesting that the Ranking Member is doing this, but one of the reasons there is caution to jump into these type of investigations is that there has been political game-playing going on with this issue. And democracy and politics tend to go together, and there is no doubt about it.

And so there has been some hesitation to perhaps look at some things that could be used, not as a means of strengthening America's position, but instead as a means of trying to undermine the war effort that is going on there.

But I certainly agree with the fundamental idea that we need to make sure that we confront our defects as a society, and correct them, if we are going to be strong in the future.

And so with that said, some of the points you made hit home. And this Chairman will be moving forward with a hearing on Afghanistan that at least goes in the right direction from what your remarks were suggesting.

And finally, I think we need to proceed with this hearing. And I would have to say that the reason we are having a hearing into this issue is that I happen to believe the greatest potential threat to the stability of the world, and our greatest potential enemy, is the dictatorship that now controls the mainland of China.

And I don't believe that there are forces at play in our society—whether people in the government or people in the private sector, people who have their fortunes or their reputations or their careers tied to the status quo. And we are not doing those things which will lessen that threat. And I think what we have to discuss about China is vitally important to the future of our country and the future of the free world, and the future of peace on this planet.

So with that said, Mr. Steven Mosher is the President of Population Research Institute, an anthropologist and a Sinologist, as we say, by training. Mosher was the first American social scientist to conduct extended field research in China. And he served as a Com-

missioner on the Commission on Broadcasting to the PRC from 1991 to 1992. And from 1968 to 1976, he served in the United States Navy.

Before you begin your statement, Mr. Mosher, and if you could, we would appreciate all of the witnesses trying to condense their statements to about 5 minutes. Then we will have a dialogue. But during that time period from 1968 to 1976, did you serve in Vietnam at all? Were you in Vietnam at all while you were in the Navy?

Mr. MOSHER. No, I was with the Seventh Fleet. We were stationed in Japan.

Mr. ROHRABACHER. All right. Well, if you would proceed. And then we will follow with Mrs. Menges and Mr. Brown.

**STATEMENT OF MR. STEVEN MOSHER, PRESIDENT,
POPULATION RESEARCH INSTITUTE**

Mr. MOSHER. Mr. Chairman, I congratulate you on holding this critically important hearing on what I think is an issue whose importance is second to none for the long-term security of the United States.

We have had senior officials in recent months repeatedly raising questions about the long-term strategic intentions of the People's Republic of China. Everyone from the Secretary of Defense, the Secretary of State, and of course you, yourself, have asked what China is doing.

No country that is not facing a serious military threat maintains a 3.2 million-man military, increases its military budget at a double-digit clip well in excess of GNP (Gross National Product), and vigorously upgrades its military technology and hardware, unless it intends to use force or the threat of force to accomplish certain domestic and international ends.

I believe the PRC's military buildup is being undertaken with two overlapping strategic goals in mind. I do not anticipate anyone will question the first, which is to say the recapture, either by the direct application of force or by intimidation, of the Island of Taiwan.

But the second, larger goal that takes China beyond Taiwan affects, I believe, the whole world. The PRC itself says that it wants to emerge as a true great power during the 21st century, and to take its place as a player in a multi-polar world.

We need to reflect on what that means, a multi-polar world. This is frequently found in the Chinese strategic literature, and it, itself, implies an end to United States primacy. It implies a major restructuring of the world order.

Now, I have gathered together evidence from various sources as to what I think are China's long-term strategic intentions. And I realize that time is short, and growing shorter as I speak. I will just touch on the high points.

We have new evidence that Chairman Mao Zedong, the long-time Chairman of the Chinese Communist Party, did indeed have a grand strategy. Once in power, Chairman Mao, in the early fifties, launched a program to industrialize and secretly to militarize China. Spending on military and arms industries took up three-fifths of the budget; that is 60 percent of the PRC's budget. That

was a ratio that even his chief arms supplier, Josef Stalin, who was not one to stint on military expenditures, criticized as “very unbalanced.”

Why was he in this head-long rush to build up China’s military might? He reportedly said to his inner circle in 1956—this is Chairman Mao speaking to his leading officials—“We must control the earth.”

In another meeting in 1958 with his leading admirals and generals, he said, “Now the Pacific Ocean.” In Chinese typing that means the Ocean of Peace, “Now the Pacific Ocean is not peaceful. It can only be peaceful when we take it over.”

Lin Biao, who was Mao’s closest ally in the military, then interjected, “We must build big ships and be prepared to land in Japan, the Philippines, and San Francisco.”

Mao continued, “How many years before we can build such ships? In 1962, when we have enough tons of steel.”

Later in 1958, he said, calling together his provincial chiefs, “In the future we will set up an earth control committee, and make a uniform plan for the earth.” He had made a plan for China, a plan, of course, that failed—the Great Leap Forward, taking with it the lives of tens of millions of Chinese peasants, mostly. But he was going beyond that. He was thinking of setting up an earth control committee.

Now, it is tempting to dismiss such statements as the quixotic ravings of a known megalomaniac. I mean, the very idea of an impoverished and backward China in the 1950s setting up an earth control committee seems ludicrous. And yet, we are talking today about China’s intention, and his remarks speak directly to Secretary Rice’s and Secretary Rumsfeld’s question of intent. Mao dominated China. He intended to dominate the world.

We know that the character of a country’s founder deeply influences its future course, even hundreds of years following his death. Mao passed from the scene less than 30 years ago. His portrait still dominates Tiananmen Square; his body lies embalmed there; his picture adorns the currency. His popular cult is thriving.

And more to the point, his political legacy, not to be confused with his economic legacy, but his political legacy has been mostly affirmed. He was, in the definitive judgment of his successor, Deng Xiaoping, 70 percent good, 30 percent bad.

Is there evidence that his views on China’s global role have been adopted by his successors? I believe there is. There is a patriotic education program today in China that runs from kindergarten through college, and it is filled with nationalist fervor, and indeed, xenophobia.

This kindergarten-through-college curriculum has been custom-designed to breed young Chinese super-patriots. This was approved, of course, by Jiang Zemin, and now by Hu Jintao, China’s third- and fourth-generation leaders, successively.

Another point. We have the 16-character declaration from Deng Xiaoping in the early 1990s. It is usually translated along the lines of the following: Combine the military and the civil, combine peace and war, give priority to the military, and let the civil support the military.

That translation, I believe, is not entirely accurate. American analysts take this 16-character declaration to be sort of an epigram, to be encapsulated bits of wisdom. And they take them collectively to mean something on the order of “technological developments in the civilian economy directly support the strength of the military.”

Well, of course that is true. That is true in the United States, it is true in Great Britain, and it is true in China. It is a truism. But it is a projection of our own beliefs and attitudes onto an alien cultural and political landscape. It badly mistakes Deng Xiaoping’s meaning.

Deng was not minting epigrams. He was not engaging in Confucius-like wisdom-spouting, mouthing platitudes. He was issuing orders. Read these declarations again as they are read in China, as orders. My translation: Key sectors of the civilian economy must have a military purpose. Use the peace to prepare for war. Military technology and weapons production have economic priority. And finally, civilian production must support, technologically and economically, military production.

Thus translated, it is clear that Deng’s 16-character declaration puts the military industrial complex of China in the driver’s seat of economic development. And the quest for a military second to none leads straight first to a multi-polar world, and then to Chinese hegemony.

And the final point, I beg your indulgence here. A final point among many is to say that if you look around the world today, you see that China is engaging in many activities that weaken the international system currently dominated by the United States. That is, it isn’t simply seeking to integrate itself quietly and respectfully into the existing world order, but it is, in concrete and important ways, undermining that world order.

China’s approach to international relations we often hear is described as value-neutral, not influenced by ideology, driven principally by a need for resources, especially oil. It seems to me to be rather too narrow a reading of the situation.

China, at present, has close relationships with virtually every country of concern, whether or not they possess oil or mineral reserves. Countries that have earned international opprobrium for human rights violations, terrorism support, weapons of mass destruction proliferation, and other objectionable activities almost invariably find a friend in China.

Now, China explains away these relationships as the mere conduct of business. But the ideological ties that bind dictatorial regimes one to another transcend mere dollars and cents.

Beijing shares with pariah and semi-pariah nations a common disdain for universally-accepted human rights, a propensity to use force against its own or neighboring populations, and a willingness to violate international agreements to which it is a signatory.

These activities, by elevating and legitimating the governments of countries of concern, serve to undermine the international system dominated by the United States.

A final point. China’s diplomatic initiative—we call it the global diplomatic initiative, because China is now active in many parts of the world where it was formerly quiescent—is also worrisome. It is setting up Embassies in places like the West Indies, where it had

no diplomatic representation before, and where we ourselves have a single Embassy in Barbados. China now has Embassies in many of those small island nations.

For Beijing practices what might be called moneybags diplomacy, involving the corruption of the democratic process, as officials are bribed into taking a pro-Chinese, anti-Taiwan and anti-American line.

I don't have time to go into the details here. But again, what we see here is not a value-neutral foreign policy, but the glimmering of an alternative world order; one that is made in China, not in the United States.

Thank you very much.

[The prepared statement of Mr. Mosher follows:]

PREPARED STATEMENT OF MR. STEVEN MOSHER, PRESIDENT, POPULATION RESEARCH INSTITUTE

Both Secretary of Defense and the Secretary of State have recently raised questions about the PRC's strategic intentions. Secretary Rumsfeld, attending an Asian security conference this past summer, put the issue as follows: "Since no nation threatens China, why this growing investment [in the military]? Why these continuing large weapons purchases?" More recently, on the occasion of President Bush's trip to China, Secretary of State Condoleezza Rice remarked that "one has to be concerned" about China's modernization of its multi-million man army. "There's a question of intent," she said.¹

Precisely what are the People's Republic of China's intentions? In one sense, this question answers itself, of course. No country that is not facing a serious military threat maintains a 3.2 million man military,² increases its military budget at a double-digit clip well in excess of growth in GNP, and vigorously upgrades its military technology and hardware—unless it intends to use force, or the threat of force, to accomplish certain domestic and international ends.

But what ends? The PRC's military build-up, in my view, is being undertaken with two overlapping strategic goals in mind. The first is regional, limited, and narrowly conceived. The second—partially obscured by the first—is global, unlimited, and broadly conceived.

The immediate goal of the PRC's military build-up is the conquest of Taiwan, either through the direct application of force or by intimidating the island into pre-emptive surrender. The ranks of those who deny that the PRC would actually use force against Taiwan have been further thinned in the wake of the March 2005 passage of the Anti-Secession Law by China's rubberstamp parliament, the National People's Congress. This "law," which is better understood as a formal statement of Chinese Communist Party policy, formally codifies the PRC's determination to exert control over Taiwan and its willingness to use military force to accomplish this end.

It is beyond Taiwan that the waters of the PRC's intentions grow murky. Some deny that Beijing's ambitions extend beyond what it calls that "renegade province" and, perhaps, the South China Sea. Certainly the Chinese strategic literature contains nothing resembling a grand strategy, a lacuna that leads some analysts to deny that China has larger ambitions at all. In their view, all the PRC wants is to be "a player" in a multipolar world.

I strongly disagree with this view. I am of the opinion, formed over 25 years of studying the PRC, that the CCP leadership has *always* had a grand strategy. Moreover, it is clear to me that they continue to have a grand strategy today. It is a strategy of intimidation, of expansion, of assertiveness, and of domination on a global scale. It is a strategy to overtake, surpass, and ultimately eclipse the reigning superpower, the United States of America. It is a strategy, in short, of Hegemony.

The PRC is bent on becoming the Hegemon, the *Ba* in Chinese, defined by long-standing Chinese usage as a single, all-dominant power. A Hegemon, it should be understood, is more dominant than a mere superpower, more dominant even than

¹Sunday, 20 November 2005

²I include here the roughly 900,000 men in the so-called People's Armed Police (PAP). The PAP is not, properly speaking, a police force at all. It was created following the Tiananmen Square demonstrations of 1989 out of heavily armed PLA military units which are charged with the mission of putting down future domestic insurrections.

a “sole superpower,” the international role that the U.S. currently occupies.³ The PRC accuses the U.S. of “seeking Hegemony,” but this should be understood as secret envy and hidden ambition: It is Hegemony that the PRC itself seeks.

THE GRAND STRATEGY OF CHAIRMAN MAO ZEDONG

The deliberations of China’s senior leaders *in camera* are carefully guarded secrets. Recently, however, some statements made by the late Chairman Mao have come to light that indicate that the PRC had a strategy of global domination from the earliest days of its existence.⁴ The Founder of the People’s Republic of China, it turns out, specifically and repeatedly enunciated a strategy of Hegemony.

First, let me provide you with a little background. By October 1, 1949, when Chairman Mao announced the founding of the PRC, Mao controlled the heartland of China. But Tibet, Eastern Turkestan (Xinjiang), Taiwan, and parts of Mongolia and Manchuria remained outside of his grasp. The leader of the Chinese Communist Party believed that China’s historical greatness, no less than Communism’s universalism, demanded the reconstruction of the Qing empire that had collapsed nearly 40 years before.

Lost territories must be recaptured, straying vassals must be recovered, and one-time tributary states must once again be forced to follow Beijing’s lead. Military action—engaging the Japanese invaders, defeating the Nationalists, and capturing the cities—had delivered China into his hands. Now military action would restore the empire. For these reasons Mao intervened in Korea in the early years of his rule, invaded Tibet, bombarded Quemoy, continued to bluster over Taiwan, attacked India over Tibetan border questions, confronted the Soviet Union, and gave massive amounts of military assistance to Vietnam, including the introduction of an estimated 300,000 PLA troops.

Maps were drawn up showing China’s borders extending far to the north, south and west of the area that the PLA actually controlled. Any territory that had been touched by China, however briefly, seems to have been regarded as rightfully Beijing’s. Fr. Seamus O’Reilly, a Columban missionary who was one of the last foreign Catholic priests expelled from China in 1953, recalls seeing, in the office of the local Communist officials who interrogated him, a map of the PRC that included *all* of Southeast Asia—Vietnam, Laos, Cambodia, Burma, Thailand, and Singapore—*within* China’s borders.⁵

But such maps were marked for internal distribution only. For Mao, although willing to go to war to restore China’s *imperium* piecemeal, was characteristically coy about his overall imperial aims. Even as his troops were engaged in Korea or Tibet, he continually sought to reassure the world, in the policy equivalent of a Freudian slip, “We will never seek hegemony.” Mao may have been open about his dictatorial aims at home, but along his borders he still faced an array of powerful forces. The United States occupied Japan and South Korea, and had bases in the Philippines and Thailand. The British were in Hong Kong and Malaysia. Even his erstwhile ally, the Soviet Union, was occupying large swaths of Chinese territory in Manchuria, Inner Mongolia and Xinjiang.

Once in power, he launched a program to industrialize and (secretly) to militarize China. Spending of the military and its arms industries took up three-fifths of the budget, a ratio that even his chief arms supplier, Joseph Stalin, not one to stint on military expenditures, criticized as “very unbalanced.”⁶ Nuclear-tipped ICBMs were a particular priority.

³The concept of hegemony was, fittingly enough, introduced into modern diplomatic discourse by the Chinese themselves. During Henry Kissinger’s secret visit to Beijing in 1971, the Chinese translator’s use of this unfamiliar English word sent the Americans scrambling for their dictionaries. They found definitions of “hegemony” as “a single pole or axis of power,” or as “leadership or predominant influence exercised by one state over others.” None of these definitions fully captures the rich and sometimes sinister nuances of this concept, the *Ba*, in Chinese. The *Ba* is a political order invented by ancient Chinese strategists 2,800 years ago that is based exclusively on naked power. Under the *Ba*, as it evolved over the next six centuries, total control of a state’s population and resources was to be concentrated in the hands of the state’s Hegemon, or *Bawang* (literally “Hegemon-king”), who in turn would employ it to establish his hegemony, or *Baquan* (literally “Hegemon-power”), over all the states in the known world. To put it in modern parlance, Chinese strategists of old may be said to have invented totalitarianism more than two millennia before Lenin introduced it to the West, in order to achieve a kind of super-superpower status. See my *Hegemon*, chapter one.

⁴Rong Chang and Jon Halliday’s claim to have access to Chinese Communist Party archives of Mao’s private talks with groups of the Communist Party elite seems credible to me on the strength of their other richly documented revelations of Mao’s misdeeds dating back to the 1920s.

⁵Personal conversation, 28 August 1998.

⁶Chang and Halliday, p. 381.

Why this headlong and, as history would reveal, economically bootless rush to build up China's military might? The Chairman was pursuing, it would appear, a grand strategy of Chinese Hegemony. As he bluntly put it to his inner circle in 1956, "*We must control the earth.*"

The disastrous Great Leap Forward—in which the peasants were dragooned into large, state-controlled communes—must be understood as an outgrowth of Mao's lust for Hegemony. The Chairman wanted steel not just "to overtake Great Britain in steel production in three years," as the standard histories relate, but to build a blue water navy for conquest, expansion, and domination.

"Now the Pacific Ocean [in Chinese, *Taiping Yang* or "The Ocean of Peace,"] is not peaceful," Mao told his leading generals and admirals on June 28, 1958. "It can only be peaceful when we take it over." Lin Biao, Mao's closest ally in the military, then interjected: "We must build big ships, and be prepared to land in [i.e., invade] Japan, the Philippines, and *San Francisco*." [Italics added]. Mao continued: "How many years before we can build such ships? In 1962, when we have XX-XX tons of steel [figures concealed in original] . . ."⁷

Calling together his provincial chiefs later in 1958, Mao was even more expansive: "In the future we will set up the Earth Control Committee, and make a uniform plan for the Earth."

It is tempting to dismiss such comments as the quixotic ravings of a known megalomaniac. Indeed, the very idea of the isolated and impoverished China of the 1950s, with its miniscule industrial base, setting up an "earth control committee" seems ludicrous. Yet even though Chairman Mao's prospects of realizing his "grand strategy" were nil, his words are of more than historical interest. They speak directly and unequivocally to Condi Rice's question of *intent*. "Mao dominated China," aptly summarize Chang and Halliday, whose access to Chinese Communist Party archives produced the above quotes. "He intended to dominate the world."

As we know from our own history, the character of a country's founder deeply influences its future course, even hundreds of years following his death. Mao passed from the scene less than 30 years ago. His portrait still dominates Tiananmen Square, and his body lies embalmed there. More to the point, his political legacy has been mostly affirmed. He was, in the definitive judgment of his successor, Deng Xiaoping, "70 percent good, 30 percent bad."

The question before us is this: Is Mao's grand strategy of Hegemony part of the "30 percent bad" that has been discarded by the post-Mao leadership? Or is it included in the "70 percent good"—the part of Mao's legacy that has been embraced by Deng Xiaoping, Jiang Zemin, and now Hu Jintao?

On balance, the evidence suggests that Mao's grand strategy of Hegemony has been vigorously embraced by his successors. At the same time, they have become enormously more sophisticated in acquiring the industrial, technological, and military means to realize such a strategy. Fifty years later, the thought of an "Earth Control Committee"—based in Beijing and controlled by the CCP—does not amuse.

FROM MAO ZEDONG TO HU JINTAO: THE PATRIOTIC EDUCATION PROGRAM

Chinese Communist Party Chairman Mao Zedong had a strong sense of historical grievance against the West in general—and the U.S. in particular. This accentuated his desire to recover what he saw as China's rightful place in the world—at its center. This is, after all, what the very name of the country means in Chinese: *Zhongguo*, or the Kingdom at the Center of the Earth. China's current leaders share these sinocentric and xenophobic views which form the conceptual basis for, and justification of, their drive for Hegemony.

When, on October 1, 1949, Mao Zedong announced the founding of the People's Republic of China, his words suggested not merely wounded national pride but a thirst for revenge:

The Chinese have always been a great, courageous and industrious nation; it is only in modern times that they have fallen behind. And that was due entirely to oppression and exploitation by foreign imperialism and domestic reactionary governments. . . . Ours will no longer be a nation subject to insult and humiliation. We have stood up.

In the view of Chairman Mao, a cabal of Western and Western-oriented countries—Russia, Great Britain, France, Germany, Japan and America—had treacherously combined to attack the old Chinese empire, loosening China's grip on hundreds of thousands of square miles of territory and a dozen tributary states in the process.

⁷ Chang and Halliday, p. 426.

Mao reserved special rancor for the United States, fulminating in a bitterly sarcastic speech called “‘Friendship’ or Aggression” in late 1949:

The history of the aggression against China by U.S. imperialism, from 1840 when it helped the British in the Opium War to the time it was thrown out of China by the Chinese people, should be written into a concise textbook for the education of Chinese youth. The United States was one of the first countries to force China to cede extraterritoriality. . . . All the ‘friendship’ shown to China by U.S. imperialism over the past 109 years, and especially the great act of ‘friendship’ in helping Chiang Kai-shek slaughter several million Chinese the last few years—all this had one purpose [according to the Americans] . . . first, to maintain the Open Door, second, to respect the administrative and territorial integrity of China and, third, to oppose any foreign domination of China. Today, the only doors still open to [U.S. Secretary of State] Acheson and his like are in small strips of land, such as Canton and Taiwan.⁸

Jumping ahead to the post-Mao period, when the Soviet Union collapsed in 1991, Americans reacted with euphoria and expected China (remember the “China card”) to do the same. But the steely-eyed heirs of a two-thousand-year tradition of hegemony had a far less happy view of the new world situation. To the dismay and consternation of many in Washington, Deng Xiaoping not only dissolved his country’s de facto alliance with the United States, he went even further, declaring in September 1991 that “a new cold war” between China and the sole remaining superpower would now ensue.⁹

The pivotal moment in U.S.-China relations had actually occurred two years before, when millions of people took to the streets of China’s cities to demand an end to corruption and bureaucracy. Many of the young people were even bolder, calling openly for democracy. The CCP put down this “counterrevolutionary incident” with deadly force—and belatedly realized that the battle for the hearts and minds of Chinese youth was close to being lost.

The Chinese Communist Party has always portrayed itself as the paramount patriotic force in the nation, but following the Tiananmen debacle it desperately sought to shore up its crumbling mythology by all the institutional means under its control. The educational system was mobilized to teach students about China’s “history of shame”; state-run factories required their workers to sit through patriotic indoctrination sessions; and the state-controlled media as well as the schools promoted Chinese exceptionalism through what is called “state-of-the-nation education” or *guoqing jiaoyu*. The message conveyed was that only the Chinese Communist Party could provide the strong central government required by China’s unique *guoqing* and current national priorities, along with continued economic growth and the means to recover Chinese preponderance in Asia and accomplish the “rectification of historical accounts” (i.e., revenge on the imperialist powers).¹⁰

These efforts achieved a bureaucratic apogee in September 1994 with the publication of a sweeping Party directive, “Policy Outline for Implementing Patriotic Education.”¹¹ Within the schools, the Party ordered that “Patriotic education shall run through the whole education process from kindergarten to university . . . and must penetrate classroom teaching of all related subjects.” While PRC history textbooks have always stoked nationalist fervor and xenophobia, these same attitudes were now to be inserted into everything from beginning readers to junior high school social science textbooks to high school political education classes. The resulting kindergarten-through-college curriculum has been custom-designed to breed young superpatriots.

⁸ Mao Zedong, “‘Friendship’ or Aggression,” *Selected Works of Mao Tse-tung*, vol. 4 (Beijing: Foreign Language Press, 1969), 447–49. This speech was a response to the U.S. State Department’s white paper on China, formally called *United States Relations with China*, and Secretary of State Dean Acheson’s “Letter of Transmittal” of same to President Truman, both of which were published on August 5, 1949.

⁹ Steven W. Mosher, *Hegemon: China’s Plan to Dominate Asia and the World* (Encounter Books, 2000), Introduction.

¹⁰ For this definition, see Liu Hong *et al.*, eds., *Zhongguo guoqing*, restricted circulation (Beijing: Zhonggong zhongyang dangxiao chubanshe, 1990), 3–8; cited in Geremie Barme, *In the Red: On Contemporary Chinese Culture* (New York: Columbia University Press, 1999), 446 n. 15. Emphasizing Chinese exceptionalism also helps to insulate the Middle Kingdom from subversive foreign ideas, like the notion of universal human rights. It enables the Party to rebuff Western criticism of its human rights record by saying, in effect, that “here we have different standards.” This was the tack taken by the official white paper on human rights published in 1991. See Guowuyuan Xinwen Bangongshi, *Zhongguode renquan Zhuangkuang* (The human rights situation in China) (Beijing: Zhongyang wenxian chubanshe, 1991).

¹¹ See “Aiguozhuyi jiaoyu shishi gangyao” (Policy outline for implementing patriotic education), *Renmin ribao*, 6 September 1994.

The Patriotic Education policy is less about accurately depicting past events than about propagating a metanarrative designed to stir up the blood of young Chinese. Complex historical events are twisted to fit a simple morality tale of good Chinese Communist patriots versus evil foreign imperialists. The tale goes like this:

*The Chinese are a great race which for millennia has rightly dominated its known world. The Middle Kingdom's centuries of national grandeur were ended by foreign imperialists, at whose hands the Chinese people suffered a hundred years of humiliation. They shamed us, tearing off and devouring living parts of the Chinese race and nation, even threatening the whole with disunity. But China has now stood up and is fighting back, determined to recover her lost grandeur no less than her lost territories. We must be wary of things foreign, absorbing only those that make us stronger and rejecting those, like Christianity and Western liberalism, that make us weaker. The first duty of the Chinese state is therefore to nationalize the masses and resist these foreign ideas. Only the Chinese Communist Party has the will and determination to lead the struggle. The new China must gather within its fold all the scattered Chinese elements in Asia. A people that has suffered a century and a half of Western humiliation can be rescued by reviving its self-confidence. To restore the Chinese nation, the PLA must become modernized and invincible. The world is now moving toward a new millennium, and the Chinese state must see to it that the Chinese race is ready to assume its proper place in the world—at its center.*¹²

Note that the Patriotic Education Program, which comes straight out of the collected writings of Chairman Mao Zedong, was approved by the current leadership. This suggests that Jiang Zemin and Hu Jintao are, like Mao, are consumed by atavistic fantasies of Great Han Hegemony and see the U.S. as the chief obstacle to the restoration of China's lost glories.

In unguarded moments, members of the CCP elite have admitted as much. General Chi Haotian, the former vice chairman of the Communist Party's Central Military Commission, is among those who have spoken openly about the need to overtake and dethrone the United States. "Viewed from the changes in the world situation and the hegemonic strategy of the United States to create monopolarity," General Chi said in December 1999, ". . . war [between China and the U.S.] is inevitable."¹³

"WE WILL NEVER SEEK HEGEMONY"

The Great Wall of secrecy that surrounds Chinese security affairs suggests that the CCP sees that its interests and America's are in deep and fundamentally irreconcilable conflict. If this were not the case, it would presumably be in Beijing's interest to adopt a policy of transparency with regard to security affairs to reassure its largest trading partner.

From time to time Beijing does issue blanket denials that it is seeking Hegemony. Indeed, the phrase "We will never seek Hegemony" has become a commonplace of Chinese diplomatic discourse. Such denials should, if anything, heighten U.S. concerns as to China's real intentions. Chairman Mao, whose frenetic preparations to achieve Hegemony we have already discussed, frequently issued similar denials. In my view, such denials were—and are—intended to mask China's hegemonic ambitions. After all, disinformation has been a part of Chinese statecraft for millennia. "When seeking power," Chinese strategist Sun-tzu advised, "make it appear that you are not doing so."

Beyond such blanket denials, secrecy reigns. The Pentagon's 2005 report to Congress on the military power of the PRC complains that "secrecy envelops most aspects of Chinese security affairs. The outside world has little knowledge of Chinese motivations and decision-making and of key capabilities supporting PLA modernization."¹⁴

This almost complete lack of transparency in military affairs concerning basic information on the quantity and quality of the Chinese armed forces cannot help but raise questions about China's ultimate intentions. Even such basic facts as the overall size of China's military budget remains a mystery. As the Department of Defense admits, we "still do not know the full size and composition of Chinese government expenditures on national defense. Estimates put it at two to three times the officially published figures."¹⁵

¹²Based on Churchill's paraphrase of *Mein Kampf*, as contained in his *The Second World War*, vol. 1 (New York: Houghton Mifflin, 1948).

¹³*Hegemon*, "Introduction."

¹⁴"The Military Power of the People's Republic of China, 2005," Annual Report to Congress, Office of the Secretary of Defense, Executive Summary, p. 1

¹⁵*Ibid*, p. 1.

Some might argue that this secrecy is merely an unintentional outcome of the conspiratorial character of the Chinese Communist Party, a character that it shares with all Communist parties. In fact, secrecy in security matters is the *official and stated* policy of the CCP leadership. In his “24-character Admonition,” Deng Xiaoping instructs his successors to “bide their time, and hide their capabilities.”

Such admonitions only make sense if the CCP leadership is engaged in a long-term struggle with the United States for world hegemony. Lieutenant General Mi Zhenyu, formerly vice-commandant of the Academy of Military Sciences, was speaking for the leadership of his country when he recently remarked, “[As for the United States,] for a relatively long time it will be absolutely necessary that we quietly nurse our sense of vengeance. . . . We must conceal our abilities and bide our time.”¹⁶

Like Mao and Deng before him, Jiang remains wary of the “imperialist-dominated” world, and believes that armed conflict—sooner or later—is inevitable. “We must prepare well for a military struggle” against the “neo-imperialists,” Jiang said in 1997.¹⁷ The plots of the “neo-imperialists” to “split up” and “westernize” China, he continued, can only be stopped by a modern and robust PLA.

I suppose that some may say that this secrecy does not mask imperial ambitions, but is merely a reflection of the nature of China’s system of government. There is, as I remarked above, a natural tendency towards secretiveness on the part of one-party dictatorships. But this is hardly reassuring as to China’s intentions given that it is China’s system of government itself—a Leninist one-party dictatorship—that is *the root of the problem*.

THE CHINESE COMMUNIST PARTY, LIKE ALL COMMUNIST PARTIES, IS A WAR PARTY.

Chairman Mao famously remarked that “Political power comes from the barrel of a gun.” This generalization was certainly true in the case of the Chinese Communist Party, which came to power via a bloody civil war, remained in power by continually purging real and potential enemies, and has frequently used force against neighboring countries.

CCP rule has been characterized by high levels of state-sanctioned violence, even domestic terror campaigns, from the beginning. In recent years we have the examples of the violent response to the peaceful Tiananmen demonstrations, the ongoing violence against women in the one-child policy, and the continuing purge of the Falungong, a nonviolent Buddhist sect whose members are still being arrested, tortured, and sometimes killed today on the orders of first Jiang Zemin and Hu Jintao.

Internationally, China has bloody borders. Because of the PRC’s peace-loving rhetoric, that country has largely avoided the reputation for bellicosity that its history of aggression against peoples on China’s periphery deserves. During the 25 years that Mao ruled China, his armies intervened in Korea, assaulted and absorbed Tibet, supported guerilla movements throughout Southeast Asia, attacked India, fomented an insurrection in Indonesia, provoked border clashes with the Soviet Union, and instigated repeated crises vis-a-vis Taiwan. When an opportunity arose to send out China’s legions, Mao generally did not hesitate—especially if the crises involved a former tributary state, which is to say almost all of the countries with which China has a common border. Under Mao, the would-be Hegemon, China had bloody borders.¹⁸

In the decades since Mao, China has invaded Vietnam, attacked Philippine and Vietnamese naval units in the South China Sea, splashed down missiles adjacent to Taiwan, and continues its aggressive intrusions into Japanese territorial waters. The CCP today continues to exist in a state of partial mobilization, and has made it clear that it is prepared to use force to resolve both domestic crisis and external challenges.

“COMPREHENSIVE NATIONAL POWER” AS THE BASIS FOR HEGEMONY

Chinese strategists speak in terms of maximizing their country’s “Comprehensive National Power.” This is a deliberate, rational effort to build up China’s industrial base as the basis for future military production. Military production is not to be an accidental byproduct of other productive capacities, as it was, for example, in the

¹⁶ *Megatrends China* (Beijing: Hualing Publishing House, 1996); cited in Bruce Gilley, “Pot-boiler Nationalism,” *Far Eastern Economic Review*, 3 October 1996. According to several selections in *China Debates the Future Security Environment*, the late Chinese leader Deng Xiaoping was the author of the military strategy of “biding our time and building up our capabilities.”

¹⁷ New China News Agency, 31 July 1997. Quoted in Lam, p. 161.

¹⁸ Jonathan Wilkenfield, Michael Brecher, and Sheila Moser, eds., *Crises in the Twentieth Century*, vol. 2 (Oxford: Pergamon Press, 1988–89), 15, 161. Samuel P. Huntington, *The Clash of Civilizations and the Remaking of World Order* (New York: Simon & Shuster, 1996), 258.

U.S. during World War II, and is still to some extent today. Rather, it is a deliberate aim of the government's continuing Five Year Plans. The sobering implications of this fact need to be thought through.

First, a little history. Mao was in a hurry to industrialize, build a first-class war machine, and become the Hegemon. Yet, virtually the only thing he had to sell to the Soviet Union in exchange for arms was food. Setting up large, centrally controlled people's communes allowed him to more efficiently extract food and work out of the peasantry. Loudspeakers were set up to urge the peasants to work longer and harder, and women were forced into the fields to work alongside the men for the first time. Most of the grain they produced was turned over by the Communist cadres in charge to local "state collection stations." For there it was shipped to the cities—and to the Soviet Union.

As the Great Leap Forward picked up speed, senior officials kept increasing the quotas of grain to be delivered to the state collection stations. In response, commune-level cadres worked the peasants longer and longer hours on shorter and shorter rations. Mao, who saw people only as means to *his* ends, was unmoved by reports that millions of peasants were starving to death. Instead, this ruthless megalomaniac calmly declared that, to further his global ambitions, "half of China may well have to die."

The people's communes were arguably the greatest instrument of state exploitation ever devised. They proved so efficient at squeezing the peasantry that tens of millions of villagers starved to death from 1960–62 as a result. Mao's efforts to build up his arsenal cost an estimated 42.5 million lives.

This costly mistake has been rectified by Deng Xiaoping and subsequent leaders, who have ordered that civilian production keep pace with, and support, military production. This is not an abandonment of Hegemony, but merely a more rational approach to achieving it, and one that is in line with time-honored Chinese geopolitical goal of a "rich country and a strong military." In short, China's current leaders have disavowed Mao's *means* as obviously faulty, but not his ends.

One may accurately regard China's National High Technology Research and Development Program, or 863 Policy for short, as a more sophisticated outgrowth of Mao's crude efforts to build military strength. Deng Xiaoping's "Sixteen character declaration" makes the same point—that the primary purpose of economic development is to build a strong military:

"Combine the Military and the Civil"
 "Combine Peace and War"
 "Give Priority to the Military"
 "Let the Civil Support the Military."

American analysts, understanding these four sets of four characters each as epigrams—encapsulated bits of wisdom—usually take them together to mean something on the order of "technological developments in the civilian economy directly support the strength of the military."¹⁹ The above statement is true—indeed, it is a truism—but it is a projection of our own beliefs and attitudes onto a different cultural and political landscape. For this reason, it badly mistakes Deng Xiaoping's meaning.

For Deng was not minting epigrams, he was issuing orders. Read them again as they are read in China—as orders:

Key sectors of the civilian economy must have a military purpose
Use the peace to prepare for war.
Military technology and weapons production has economic priority
Civilian production must support, technologically and financially, military production.

The ruthless mercantilism practiced by the CCP is thus a form of economic warfare. China's rulers seek to move as much of the world's manufacturing base to their country as possible, thus increasing the PRC's "comprehensive national strength" at the same time that it undermines U.S. national security by hollowing out America's industrial base in general and key defense-related sectors of the economy in particular. China will not lightly abandon this policy, which strengthens China as it weakens the U.S., and is an integral part of China's drive for Hegemony.

CHINA IS ACQUIRING THE MEANS TO PROJECT FORCE FAR BEYOND TAIWAN.

Many of China's military modernization efforts—supersonic anti-ship cruise missiles, stealthy submarines, theater based missiles with terminal guidance systems—

¹⁹ See, *inter alia*, The USCC 2005 Report, p. 88.

are aimed specifically at U.S. forces and bases. By acquiring weapons designed to exploit U.S. vulnerabilities, the PRC is clearly preparing for a contest with the United States.

Beijing is interested in deterring, delaying, or complicating U.S. assistance to Taiwan in the event of an invasion, so as to force a quick capitulation by the democratically elected Taiwan government. But while the near-term focus is Taiwan, many of China's new lethal capabilities are applicable to a wide range of potential operations beyond the Taiwan Strait. As the *2005 Report to Congress* of the USCC report notes, "China is in the midst of an extensive force modernization program aimed at increasing its force projection capabilities and confronting U.S. and allied forces in the region."²⁰

The rapid growth in China's military power not only threatens Taiwan—and by implication the U.S.—but U.S. allies throughout the Asian Pacific region. China possesses regional, even global ambitions, and is building a first-rate military to realize those ambitions. It is naive to view the PRC's military build-up as "merely" part of the preparations for an invasion of Taiwan in which American military assets in the Asian-Pacific will have to be neutralized.

China's construction of naval bases in the Indian Ocean, and its aggressive pursuit of territorial claims in the East and South China Seas point to its wider ambitions.

Finally, even a cursory reading of China's 2004 Defense White Paper suggests that it views U.S. power and military presence throughout the world with a jaundiced eye, and that it seeks to become, over the mid-term, the dominant power in Asia. This goal necessarily brings it into potential conflict with the U.S. and its allies, chiefly Japan.

CHINA IS PURSUING TERRITORIAL CLAIMS OTHER THAN TAIWAN.

Additional evidence that China's territorial ambitions go well beyond Taiwan comes from its aggressive pursuit of territorial claims in the East China and South China seas.²¹

Since the early 1970s, Beijing has claimed the Japanese-controlled Senkaku Islands (or Tiaoyutai in Chinese) and the continental shelf that extends into Japanese territorial waters. China's increasingly aggressive intrusions into Japanese airspace and Japanese territorial waters has raised eyebrows in Tokyo and Washington. In November 2004, for example, the Japanese navy chased a Han-class nuclear submarine away from the waters off Okinawa.

China also orchestrated the removal of U.S. logistics forces from the Central Asian republics, demonstrating that its commitment to fighting terrorism was less important than its desire to reduce U.S. influence and presence in the region.

CHINA'S ACTIVITIES WEAKEN THE INTERNATIONAL SYSTEM DOMINATED BY THE U.S.

The PRC's approach to international relations is sometimes described as "value-neutral," "not influenced by ideology," and driven principally by a need for resources, especially oil. This seems to me to be a rather too narrow a reading of the situation.

The PRC has close relationships with virtually every "country of concern," whether or not they possess oil or mineral reserves. Many countries, "orphaned" internationally because of their human rights violations, terrorism support, WMD proliferation, and other objectionable activities have been "adopted" by China. Cuba, Venezuela, Zimbabwe, Iran, Myanmar, and Sudan, among other countries, receive support from China in international forums, generous aid packages, and arms.

While these relationships are driven by China's need for resources and are construed to advance its own interests, it is naive to ignore the deeper commonalities that bind one dictatorial system to another. The CCP elite has much in common with the leadership of such countries, since it, too, engages in human rights violations, WMD proliferation, and other objectionable activities.

The PRC, by elevating and legitimating the governments of "countries of concern," undermines the international system dominated by the U.S. As the loss of the U.S. seat on the U.N. Human Rights Commission demonstrates, China is effectively forming a system of competing alliances that will enable it to co-opt, undermine, or ignore the existing world order. What we see here is not a "value-neutral" foreign

²⁰ *2005 Report to Congress*, U.S.-China Economic and Security Review Commission, p. 9.

²¹ The USCC 2005 Report also notes that, "While Taiwan remains a key potential flashpoint, China's aggressive pursuit of territorial claims in the East and South China Seas points to ambitions that go beyond a Taiwan scenario, and poses a growing threat to nation's, including U.S. alliance partners, on China's periphery." p. 8

policy, as some aver, but the outlines of an alternative world order, one Made in China, not in the U.S.

HEGEMONY AND MAO'S HEIRS

Unlike the Third Reich of Adolf Hitler or the Soviet Union of Joseph Stalin, the People's Republic of China of Mao Zedong survives to the present day, its ruling party intact, its system of government largely unchanged. The myths and lies that continue to prop up Mao's image also serve to bolster the political legitimacy of the Chinese Communist Party itself. The current Communist leadership proudly declares itself to be Mao's heirs, maintains his Leninist dictatorship, continues his military build-up and, the evidence would seem to indicate, cherishes his grand ambitions.

All this suggests a PRC that has, in combination, the historical grievances of a Weimar Republic, the paranoid nationalism of a revolutionary Islamic state, and the Hegemonic ambitions of a Soviet Union at the height of its power. As China grows more powerful and attempts to rectify those grievances and act out those Hegemonic ambitions, it will cast an ever-lengthening shadow over Asia and the world.

RECOMMENDATIONS

1. There is an urgent need to increase U.S. military capabilities in the Western Pacific to counter the Chinese military buildup there.
2. Congress should reaffirm that Taiwan's future should be decided by the people on Taiwan.
3. Congress should commission a study of how the projected 12 percent per year growth in China's military budget will enable it to increase its military capabilities in the years to come.
4. Congress should encourage the creation of a program of military-to-military exchanges with Taiwan's military to facilitate contingency planning.

Mr. ROHRABACHER. Thank you very much for your testimony. And we will have some further discussion after the other panel members have their testimony.

Next is Mrs. Nancy Menges, wife of the late Dr. Constantine Menges, who authored the book, *China: The Gathering Threat*, before passing away in July 2004.

Mrs. Menges has fought very hard to ensure the book was published following her husband's death. And since its publication, Mrs. Menges has been active in bringing the ideas of the proposals contained in that book to the attention of the public and policy-makers, including yours truly.

And so we welcome her today. We thank her very much for her dedication. And she was not just a wife, but a partner of Constantine Menges and the wonderful things that he did for the cause of human freedom. And we are very happy to have her testifying today.

You may proceed.

STATEMENT OF MRS. NANCY MENGES, WIDOW OF DR. CONSTANTINE MENGES, AUTHOR OF "CHINA: THE GATHERING THREAT"

Mrs. MENGES. Thank you, Chairman Rohrabacher and Members of the Subcommittee. It is an honor and a privilege to be here today to discuss with you my late husband's book on China.

My husband, Constantine Menges, wrote *China: The Gathering Threat* prior to his death in July 2004. I know that some of you here today knew Constantine, worked with him on international issues, and shared many of the same concerns. For those of you who did not know Constantine, I would like to say a few words.

Constantine was a man of extraordinary intellect who possessed a deep knowledge of many regions of the world. He used these attributes to analyze and assess the nature of regimes and their potential to threaten the national security of the United States.

For example, he did everything he could to prevent the fall of the Shah in Iran, as well as the coming to power of Hugo Chavez in Venezuela.

Constantine believed that China is our next biggest national security challenge, and that China alone is the one country that could threaten our way of life, our standard of living, and our freedom. He was hopeful that his book would provide the basis for our Government to develop more realistic policies toward China, as well as an overall strategy.

Since no one could speak more eloquently about his ideas than the author himself, the following testimony is taken directly from the text of his book. And I am going to shorten my testimony just a little bit, because I know I don't have unlimited time.

Mr. ROHRABACHER. I seem to remember that Constantine went on sometimes, so——[Laughter.]

Mrs. MENGES. Yes, I do recall.

Mr. ROHRABACHER. Okay. If you can get to the most important points, thank you.

Mrs. MENGES. I will try. As described in Chapter 18 of the book, China has a very definite strategy which it is now pursuing.

Their strategy is to become dominant first in Asia, and eventually in the entire world. The Communist regime in China believes that it must either dominate the world, or be dominated by the United States and its allies.

There are four reasons why the Chinese leadership believes it must follow this path. First and foremost is to preserve the power of the Communist Party. The mere existence of a democratic, prosperous, and powerful United States is seen as an intrinsic threat to the existence of the Communist regime. The same is true of democratic Taiwan and Japan, which show clearly that the peoples of Asia can establish democratic self-government.

A major reason that the Chinese Communist regime wants to take control over Taiwan is to end the idea that there can be another democratic alternative for the people of China.

The second reason China is seeking dominance is their concern regarding the military power of the United States, which they see as limiting their ability to take control of Taiwan and obtain its territorial aims in Asia. In addition, Chinese military writings indicate a deep concern about the potential military capacity of Japan, which their analysts believe could produce and deploy 1- or 2,000 nuclear warheads in a matter of months.

The third reason why China seeks dominance is to ensure its continued economic modernization and growth. The Chinese Government wants to make sure that it will not be denied access to economic, technological, and mineral resources necessary for its future success.

China has proclaimed ever more clearly and frequently since the mid-1990s that it seeks a new international political and economic world order. What this means exactly is unclear, but is in keeping with the centuries-long tradition of China as the center of a world

in which all other states either pay tribute and accept the dominance of the Chinese regime, or are viewed as hostile.

There is a bipartisan consensus among many that the goal of United States policy in China should be to maintain normal relations with this important country, while encouraging its peaceful evolution into a political democracy that will respect the human rights of its citizens, and be peaceful internationally.

There has also been a bipartisan assumption that continuing the pattern of unconditional economic and commercial relations which, since 1980, have been highly advantageous to China, will lead to political democracy. This assumption has been proven false by the history of the last two centuries, where economic modernization has at times increased the power of authoritarian states, and fueled their expansionist impulses. For example, in Imperial Germany and Imperial Japan.

This is also true in post-Mao China, where the regime has kept its dictatorship intact, while the economy and certain aspects of society have changed dramatically.

To place this in perspective, I would like to quote from Deng Xiaoping, the post-Mao leader of China and the father of the Chinese economic strategy. He said, "We will bide our time and hide our capabilities." How these capabilities will emerge is illustrated in the eight stages contained in my husband's book, which I have summarized in my written testimony for the benefit of the Members, but which I will not now enumerate.

It should be understood that China is engaged in a political war against the United States. China is positioning itself strategically in all regions of the world, including in our hemisphere.

They work to strengthen regimes unfriendly to the United States, such as Castro's Cuba and Chavez's Venezuela. They are well-positioned at most of the ports where the majority of the world's commerce passes, including their control of both ends of the Panama Canal.

In addition, the Chinese Government is one of the world's major proliferators of ballistic-missile and weapons of mass destruction technology, and are engaged in massive espionage efforts to acquire our military, nuclear, and technological secrets, as well as our intellectual property.

My husband's book connects all the dots, sounds the warning, and provides credible policy proposals. In this regard, the author lays out a strategy for democratization in China, and identifies four major groups that will be most important in the process of political liberalization in China. These include the hundreds of millions of Chinese citizens who want fair legal and effective government, elements favoring political reform within the Communist Party, pro-democratic citizens within China, and pro-democracy Chinese living in exile in the United States and other democratic countries.

The essence of a peaceful pro-democracy strategy involves giving the people and actual leaders in each of the four groups in China the information and encouragement that will lead them to take practical steps to bring the party first toward greater observance of its own laws, Constitution, and existing international human rights commitment; then to make changes in the direction of political liberalization. This requires the establishment of an organiza-

tion to plan, coordinate, and implement these activities, which might be named the Program for Democracy in China. Had my husband lived, I know that he would be working to establish such a program.

This book is part of my husband's legacy, and is based on his 40 years of experience in foreign policy and national security affairs. My only regret is that he is not here himself to express these ideas.

Thank you so much.

[The prepared statement of Mrs. Menges follows:]

PREPARED STATEMENT OF MRS. NANCY MENGES, WIDOW OF DR. CONSTANTINE MENGES, AUTHOR OF "CHINA: THE GATHERING THREAT"

Good Afternoon Chairman Rohrabacher and Members of the Committee

It is an honor and a privilege to be here today to discuss with you my late husband's book on China. My husband, Constantine Menges wrote *China, The Gathering Threat* prior to his death in July, 2004. I know that some of you here today knew Constantine, worked with him on international issues and shared many of the same concerns. For those of you who did not know Constantine, I would like to say a few words. Constantine was a man of extraordinary intellect who possessed a deep knowledge of many regions of the world. He used these attributes to analyze and assess the nature of regimes and their potential to threaten the national security of the United States. For example, he did everything he could to prevent the fall of the Shah and the rise of the mullahs in Iran as well as the coming to power of Hugo Chavez in Venezuela. Constantine believed that China is our next biggest national security challenge and that China, alone, is the one country that could threaten our way of life, our standard of living and our freedom. He was hopeful that his book would provide the basis for our government to develop more realistic policies towards China as well as an overall strategy. Since no one could speak more eloquently about his ideas than the author himself, the following testimony is excerpted directly from the text of his book.

China is a country that has experienced enormous economic growth over the course of the last twenty years. Since the 1990's, as a result of its mostly one way access to the markets of the U.S. and other major countries, China has benefited from more than a trillion dollars of economic benefits, foreign direct investment, and foreign economic assistance. Taken together, these economic benefits have meant an enormous increase in the resources available to the Communist regime for its domestic and international purposes. The Chinese Government's purposes and strategy has four operational dimensions. The first is to establish a mood of friendly relations with neighboring states while making no concessions on existing disputes; secondly, to intensify military cooperation with states hostile to the U.S; thirdly to establish relations with a large number of developing countries in the hope of taking a leadership role among them in the United Nations, the WTO and other international forums; and fourth to prepare the conditions for future strategic denial by obtaining control over major sea lanes and having a monopoly of some key high technology inputs required by all advanced industrial countries. "

As described in chapter 18 of the book, China has a very definite strategy which it is now pursuing. Their strategy is to become dominant first in Asia and eventually in the entire world. The Communist regime in China believes that it must either dominate the world or be dominated by the United States and its allies. As conceptualized by the author, China's pursuit of dominance will occur in eight phases and may overlap or continue in parallel. The timing of each new phase will depend, in part on decisions made by the Chinese regime as it resolves differences about strategy and tactics. There are four reasons why the Chinese leadership believes it must follow this path. First and foremost is to preserve the power of the Communist Party in China.

The mere existence of a democratic, prosperous, and powerful United States is seen as an intrinsic threat to the existence of the Communist regime. The same is true of democratic Taiwan and Japan which show clearly that the peoples of Asia can establish democratic self-government. A major reason that the Chinese Communist regime wants to take control over Taiwan is to end the idea that there can be another democratic alternative for the people of China.

The second reason China is seeking dominance is their concern regarding the military power of the United States which they see as limiting their ability to take control of Taiwan and attain its territorial aims in Asia. In addition Chinese military writings indicate a deep concern about the potential military capacity of Japan

which their analysts believe could produce and deploy one or two thousand nuclear warheads in a matter of months. The Chinese regime sees the U.S.-Japan alliance as an obstacle to its international objectives and will seek the neutralization of Japan as one of their major objectives in the coming years.

The third reason why China seeks dominance is to ensure its continued economic modernization and growth. The Chinese government wants to make sure that it will not be denied access to economic, technological, and mineral resources necessary for its future success. Oil imports are an example of China's inevitably growing dependence on resources from abroad. As China's economy continues to grow and expand, it will require greater quantities of oil, putting it in direct competition with other major oil importing countries such as Europe, the U.S. and Japan. Obtaining these imports means that China must have both the money to pay for them and access to them.

China has proclaimed ever more clearly and frequently since the mid 1990's that it seeks a "new international, political and economic world order". What this means exactly is unclear but is in keeping with the centuries long tradition of China as the center of a world in which all other states either pay tribute and accept the dominance of the Chinese regime or are viewed as hostile. However China often speaks of the five principles of peaceful co-existence and professes that this new world order would be for the benefit of all reasonable countries. This is cast to be especially appealing to developing countries, which are a majority in the United Nations and World Trade Organization. China's methods of wooing these countries while deepening their economic dependence on China has been very effective. More importantly, China has accomplished the feat of linking Communist rule with many of the economic institutions of the industrial democracies. As a result, this linkage has led to the creation of vested interests within the democratic countries by large and powerful business organizations that lobby for the continuation of good relations with China and interpret all Chinese purposes and actions internationally as benign. This has already had a profound effect on the policies of the United States toward China and, in the view of the Chinese regime, will continue to help China accomplish its purposes in the years ahead.

There is a bi-partisan consensus among many that the goal of US policy in China should be to maintain normal relations with this important country while encouraging its peaceful evolution into a political democracy that will respect the human rights of its citizens and be peaceful internationally. There has also been a bi-partisan assumption that continuing the pattern of unconditional economic and commercial relations which since 1980 have been highly advantageous to China will lead to political democracy. This assumption has been proven false by the history of the last two centuries where economic modernization has at times increased the power of authoritarian states and fueled their expansionistic impulses i.e. imperial Germany and imperial Japan. This is also true in post Mao China where the regime has kept its dictatorship intact while the economy and certain aspects of society have changed dramatically.

To place this in perspective I would like to quote from Deng Xi Ping the first post Mao leader of China and the father of the Chinese economic strategy—He said, "We will bide our time and hide our capabilities." How these capabilities will emerge is illustrated in the eight stages contained in my husband's book and which I have provided summaries of as part of my written testimony for the benefit of the members.

It should be understood that China is engaged in a political war against the United States. China is positioning itself strategically in all regions of the world including in our hemisphere. They work to strengthen régimes unfriendly to the United States such as Castro's Cuba and Chavez in Venezuela. They are well positioned at most of the ports where the majority of the world's commerce passes including their control of both ends of the Panama Canal. In addition the Chinese governments is one of the world major proliferators of ballistic missile and weapons of mass destruction technology and are engaged in massive espionage efforts to acquire our military, including nuclear, secrets and technology as well as our intellectual property.

My husband's book connects all the dots, sounds the warning and provides credible policy proposals. In this regard the author lays out a strategy for democratization in China and identifies four major groups that will be most important in the process of political liberalization in China. These include the hundreds of millions of Chinese citizens who want fair, legal and effective government; elements favoring political reform within the Communist Party; pro-Democratic citizens within China; and pro-democracy Chinese living in exile in the US and other democratic countries.

The essence of a peaceful pro-democracy strategy involves giving the people and natural leaders in each of the four groups in China the information and encourage-

ment that will lead them to take practical steps to bring the Party first towards greater observance of its own laws, constitution, and existing international human rights commitments; then to make changes in the direction of political liberalization. This requires the establishment of an organization to plan coordinate, and implement these activities, which might be named the Program for Democracy in China (PDC).

This book is part of my husband's legacy and is based on his forty years of experience in foreign policy national security affairs. My only regret is that he is not here himself to express his ideas.

The following is a brief description of the eight-stage framework for a grand strategy China is pursuing in their efforts to achieve global dominance without actual war. It should be noted that these estimates are based on the author's judgment after spending in excess of thirty years working on these issues.

CHINA'S EIGHT STAGES TOWARD GLOBAL DOMINATION

There is no way to provide a proper and yet brief description of the intricacies of the eight-stage framework for a grand strategy, as described in chapter 18, that Dr. Menges saw China pursuing in their efforts to achieve global dominance without actual war. It is hoped that this outline provides enough details to encourage the reader to examine the contents of the book. As with all future analyses, the dates are more of a signpost than an actual prediction, and the events may occur in a different sequence than outlined here. It should be noted that these estimates are based on the author's judgment after spending in excess of thirty years working on these issues.

Normalization with the industrial democracies (1978–Present)

This is a time in which the Chinese are seeking to establish political and economic relations with western countries in an effort to further their own development in economic and military terms.

Asian Regional Persuasion/Coercion (1980s–Present)

As China began to emerge from its previous isolation and to look outward, it also sought to extend its influence and power. Part of this effort is a continuing effort to assert claims of sovereignty. This is a time of economic and military coercion in an effort to establish a position of strength regionally while extending its reach globally.

Asian Preponderance: Taking Control of Taiwan (2005–2008?)

China working to isolate Taiwan internationally while strengthening their regional position to a point where they are equal, in terms of regional power, to Japan and the US. During this time, China will seek to use a coercive mix of military threats and the promise of economic benefits to force Taiwan to accept the terms dictated by Beijing.

Asian Dominance: The End of the U.S. Alliance with Japan (2008–2012)

Using the removal of Taiwan from the calculation, China will seek to neutralize the Korean peninsula. This can only be accomplished by ending the US-South Korean military alliance while using their own influence to secure stability between South Korea and North Korea and a normalization of relations under the guidance and guarantee of the Chinese. With the removal of these two potential flash points, the Chinese will increase their efforts to end the US-Japanese alliance on terms that maintain the relative pacifist nature of the Japanese Self-Defense forces. This will then precipitate the complete and final withdrawal of US forces from all bases not located on US territory in Northeast Asia.

The De Facto End of NATO: The Neutralization of Western Europe (2010–2014)

Within Europe, the Chinese, together with the Russians, will begin to point to the ending of the 'Cold War era' security structures within Asia in order to argue for the final dismantlement of the NATO alliance. This combined with increased economic dependency by Europe, potentially in combination with those in Western-Europe who are seeking to establish a new security framework within the EU without US involvement could lead to the effective neutralization of Europe. This would likely be accompanied by a Chinese shift away from the dollar and towards to the Euro as an additional means of pressure. In addition, China will seek to encourage an international effort aimed at the limitation of US and Russian nuclear arsenals to a few hundred in the "interests of world peace." The Russian portion of this agreement is meant to reduce the concerns of a potentially resurgent Russia in order to aid in the effective ending of the US-European Security relationship. After all, by this time China would only have a few hundred declared strategic weapons.

China Obtains the Russian Far East, China Is Dominant Over Russia (2014–2020)

With added economic and technological strength, in particular from the growing relations with the Japanese and Europeans, the Chinese make an offer to the Russian government that they cannot refuse. In effect, the Chinese will buy the Russian Far-East. The deal will have the added benefits of both bribing Russian officials and making a covert threat of an invasion of the region if the deal is not accepted. There would be a second covert agreement in which the Chinese would offer to purchase the remaining Russian strategic nuclear weapons, as well as any chemical and biological weapons within the region.

The United States is Geopolitically Isolated; China is Preponderant in the World (2020–2023)

At this point, the Chinese will inform the United States of the new strategic reality of the Chinese Russian agreement. Without allies or forward bases, and in a weaker strategic position, the United States will be left with no choices for responding other than to accept the new strategic alignment, especially considering the stated and unstated threats including the potential use of nuclear weapons against the US homeland.

China is Dominant in the World (2025–?)

In the final stages, the Chinese by using a mix of its economic and military power will seek to legitimize their position through a series of UN Security Council resolutions that will include the disarmament and neutralization of any potential rivals, including the United States, and provide the ability for the Chinese to enforce the resolutions at their discretion.

Mr. ROHRABACHER. Thank you very much. And now Mr. Brown, who was also close to Dr. Menges. And in fact, you were involved with the updating and the preparation for publication of this book, *China: The Gathering Threat*.

And if you would proceed for 5 minutes.

STATEMENT OF MR. CHRISTOPHER BROWN, RESEARCH ASSISTANT, HUDSON INSTITUTE, WASHINGTON, DC

Mr. BROWN. Thank you, Chairman Rohrabacher and Ranking Member Delahunt, staff members, fellow panelists, guests. It is a pleasure and honor to be here today.

I would like to make a note, a little historical irony. Previously when this was scheduled to occur, the hearing today, was the day before the 64th anniversary of the attack on Pearl Harbor. The reason that I want to make that note is much like the rise of Imperial Japan that preceded that unprecedented attack on America.

The rise of Communist China is comparable, as both of these regimes were examples of rapidly-growing economic and military powers without the accompanying social developments needed to curb the associated and dangerous expansions of appetites and passions of an emerging power.

Unfortunately, there is one very important and significant difference between the rise of these two powers. Whereas Japan pursued its expansionistic militarism without any real aid from allies, China has been very busy in a coordinated effort to develop and expand an international foundation on which its expansion will be based. This is being done for a multitude of reasons, which range from access to resources to political clout. However, I have been asked to limit my comments to what I researched on behalf of Dr. Menges within Central Asian regions.

In the months prior to the September 11 attack, two key treaties were signed by China and Russia. These agreements received little notice at the time, and have since been lost to the tides of history.

However, the long-term implications of these documents have yet to be fully realized.

China has been expanding its ties with nations such as Russia, and has created an organization that could, in the short term, have a geographical reach from the Pacific to the Mediterranean. This organization, which was first examined within China's larger strategic implications in Dr. Menges's book, *China: The Gathering Threat*, was the Shanghai Cooperation Organization.

The Shanghai Cooperation Organization was officially created in June 2001 and currently includes all members of Central Asia of the former Soviet Union, other than Turkmenistan. Observer nations include currently Mongolia, India, Pakistan, and Iran. Belarus recently announced just a few weeks ago that they would like to also join, and Russia has said that they are completely in favor of this.

It is a little ironic that their regional antiterrorism structure, as they call it, which is the center they have established in Uzbekistan, goes by the acronym RATS.

One of the key areas that Dr. Menges and I examined in the early emergence of the SCO on the world stage was how it sought to redefine itself in a post-9/11 world. The major theme behind this is fighting the three evils: Extremism, terrorism, and separatism.

This may sound like a wonderful thing, especially the extremism and terrorism, in conjunction with America's fight against the war on terror. However, it is interesting how these countries define it. For example, Taiwan is often defined as an extremist, separatist, and even terrorist state at times by Chinese officials.

The color revolutions which brought such great democratic reform across the globe in the recent years have also been labeled as extremists and separatists. As a matter of fact, recently in Beijing, the Executive Secretary of the SCO, Zhang Deguang—sorry, I do not speak Chinese—announced that the time for color revolutions in the Central Asia Region has gone. That is, went away with last year's snow.

He went on to label these peaceful outpourings on the part of the people of these nations seeking freedom to be unacceptable, useless, and harmful interventions into the region's domestic affairs.

It should come as no surprise to someone who was trained and loyal to a regime based on oppressing 20 percent of the world's population should label peaceful, positive, and important expansions of freedom and human liberty as unacceptable, useless, and harmful.

This is part of the reason why the United States may soon find itself in direct confrontation—not war, but direct confrontation—with organizations such as the SCO.

The second of the two treaties I would like to discuss very briefly was signed in July 2001. It is called the Treaty of Good Neighborliness and Friendly Cooperation. Nothing worrisome in the title. However, when you get into the treaty itself, Article IX, which is the centerpiece of cooperation, says, "When a situation arises in which one of the contracting parties," meaning either China or Russia, "deems that peace is being threatened and undermined, or security interests are involved, or when it is confronted with the threat of aggression, the contracting party shall immediately hold contacts and consultations in order to eliminate such threats." This

is comparable to Article V of the NATO Treaty, and when compared to the Warsaw Pact Treaty, the Warsaw Pact Treaty comes across as a downright friendly document.

In conclusion, the increasing cooperation on military issues between China and Russia, including Peace Mission 2005, which was the recent war games exercises, operated under the bilateral treaty, and future exercises will be operated under the SCO. This cooperation has allowed China to leapfrog its technology and its ability of forced protection.

Now, though many may scoff at what might be termed rhetoric from the Chinese Government, such as labeling all of our security relationships in the Asia Pacific Region as violations of their national sovereignty—the modern American and allies will scoff at this as ridiculous because of the qualitative and quantitative advantage that the United States military has over China. The truth is that although the perceptions may differ between ours and the Chinese, rhetoric has a tendency to create perceptions within China. Perceptions become reality with international relations.

And as Winston Churchill said in the famous speech often titled The Iron Curtain, “There was never a war in all of history easier to prevent by timely action, but no one would listen. We surely must not let that happen again.”

This is the warning of the book, *China: The Gathering Threat*. This was the principle which Dr. Menges spent his whole life striving for. The color revolutions are perfect examples of the strategy he would employ. Reform from beneath. And it was an honor to work with him, and it is an honor to be here today. And I am open to any questions.

Thank you.

[The prepared statement of Mr. Brown follows:]

PREPARED STATEMENT OF MR. CHRISTOPHER BROWN, RESEARCH ASSISTANT, HUDSON INSTITUTE, WASHINGTON, DC

Distinguished Chairman Rohrabacher; Members of the Committee; Fellow Panelist; Guests

It is an honor and a pleasure to be here today to discuss these most important of issues that will have an enormous impact on the future vital security and interests of the United States of America. I wish to note with a bit of historical irony that the day after this hearing was originally scheduled to be held was the sixty-fourth anniversary of the surprise attack by the imperial Japanese force on Pearl Harbor.

Much like the rise of imperial Japan that preceded this unprecedented attack on America; the rise of Communist China is comparable as both of these régimes were examples of rapidly growing economic and military powers without the accompanying social developments needed to curb the associated and dangerous expanding appetites and passions of an emerging power.

Unfortunately, there is one very important and significant difference between the rise of these two powers. Whereas Japan pursued its expansionistic militarism without the any real direct aid of allies, China has been very busy in a coordinated effort to develop and expand an international foundation on which its expansion will be based. This is being done for a multitude of reasons ranging from access to resources and political clout to potentially more worrisome and even offensive reasons. However I have been asked to limit my remarks to those events in Central Asia in particular those which I researched for Dr. Menges in the preparation of his final book “China the Gathering Threat”, which despite its title is as much about the role that the Russian régime under Putin plays in the rise and expansion of China as about China itself.

In the months prior to the September 11th attack two key treaties were signed between the governments of China and Russia. These agreements received little notice at the time and have since been lost to the tides of history for most observers.

However, the long-term implications of these documents have yet to be fully realized.

China has been expanding its ties with nations such as Russia and has created an organization that could in the near future have a geographical reach from the Pacific to the Mediterranean. This organization, which was first examined within a larger Chinese strategy by Dr. Menges book "China the Gathering threat", which I had the honor of working on for two years, is the Shanghai Cooperation Organization or the SCO.

THE SHANGHAI COOPERATION ORGANIZATION—

The first of these treaties that I have mention was signed in June 2001 and created the Shanghai Cooperation Organization. This organization, which is headquartered in Beijing, and its original membership was composed of China, Russia, Uzbekistan, Kazakhstan, Kyrgyzstan, and Tajikistan. Two years ago, they added Mongolia as an observer and invited Afghanistan to their annual meeting of Heads of State. Perhaps even more interestingly, is that in the past year they have added India, Pakistan and most worrisome of all Iran as observer states. This list in just the past few weeks was further expanded when Belarus officially applied for observer, which is Russia has said will be granted in the coming months.¹ This organization also has a regional operations center in Tashkent, Uzbekistan. This is the headquarters of what they term their Regional Anti-Terrorism Structure which goes by the acronym RATS. That is the acronym of their choosing but might I say that I find it to be a mix of both potential irony and truth.

One of the key areas that I and Dr. Menges examined of the early days of the SCO's emergence on the world stage was how they sought to redefine themselves in a post 9-11 world. With the major focus of American and world attention on the fight against the sources of terrorism, the SCO found a way to both expand their military and security relations while placating any potential concerns by place the goals of the SCO under the Chinese inspired rubric of fighting the three evils of separatism, extremism and terrorism.² Although the last two have a ring of common shared goals with America the devil is in the details. In particular, the question is what the nations of the SCO define as extremism or terrorism. For example, the communist government of Beijing views the very existence of a free and democratic system in Taiwan as an example of all three evils.

Early last year the democratic revolution in Kyrgyzstan, which has resulted in a marked increase in freedom for the people of that land was labeled by some observers within the SCO as being a form of extremism. If America is serious about encouraging and furthering the spread of freedom within Central Asia and wherever else the SCO expands next, we are likely to find ourselves in confrontation with the SCO.

There is also the risk that bad actors might use our own commitment to freedom in a way that works against our interests.³ In fact the use by what have since been revealed to be predominately Islamic extremists in Uzbekistan, who played on western ignorance of that nation, used the adulation surrounding such promising events as the November 2003 "Rose Revolution" in Georgia, the "Orange Revolution" in Ukraine in December 2004, and the "Tulip Revolution" in Kyrgyzstan in February-March 2005 as a means of gaining western sympathies which the Uzbek régime under the control of Islam Karimov saw as a potential threat to his control.⁴ While western nations, demanded negotiations and investigations the Chinese under the cover of the SCO offered unquestioned support for the Karimov directed crackdown. This combined with direct bi-lateral Chinese economic aid and diplomatic pressure culminating in a demand by the SCO on July 5th at the annual meeting of the leaders of the member states, for a timeline for the withdrawal of U.S. forces from SCO member nations.⁵ That same day the United States Department of State responded by saying "our presence [in the SCO member states] . . . is determined by the terms of our bilateral agreements"⁶—in effect, ignoring the significance of the SCO and the joint statement signed by Mr. Karimov himself. Within 24 hours, the Uzbekistan foreign ministry reiterated that it was seriously reconsidering the pres-

¹ "Belarus May Join SCO Any Time—Putin" *Itar-Tass* December 16, 2005

² "China: Spokesman on plan for anti-terrorism centre against '3 evil forces'" *Ta Kung Pao* June 15, 2001

³ Mark N. Katz "Revolution in Central Asia?" *United Press International* January 14, 2006

⁴ Sarah Shenker "Struggle for influence in Central Asia" *BBC News* November 27, 2005

⁵ "Declaration of Heads of Member States of Shanghai Cooperation Organization" July 5, 2005 (Unofficial SCO English Translation available at http://www.sectsc.org/new_detail.asp?id=500&LanguageID=2)

⁶ "China, Russia-led alliance wants date for U.S pullout" *Associated Press* July 5, 2005

ence of United States forces on Uzbek soil, and less than a month later we were given official notice that Uzbekistan was terminating our basing rights.⁷ In effect we were successfully out maneuvered by the Chinese and now Uzbekistan, which was originally viewed as one of the more hesitant members of the SCO is solidly on the side of China.⁸

Returning to the issue of the so called “color revolutions” which have been wonderful examples of the very power Dr. Menges spent his professional life trying to encourage and which plays a big role in the suggested counter-strategy America should pursue within his book. These internal movements of people seeking freedom and representative government, which demonstrate the true power of even the idea of freedom, have not escaped the attention of either the Chinese or SCO leadership. Just weeks ago at a press conference in Beijing the Executive Secretary of the SCO Zhang Deguang announced that “The time for ‘color revolutions’ in the Central Asian region has gone . . . [that it] went away with last year’s snow.”⁹ He went on to label these peaceful outpouring on the part of the people of these nations seeking freedom to be unacceptable, useless and harmful “interventions into the region’s domestic affairs.”¹⁰ It should come as no surprise that someone trained and loyal to a régime based on the oppressing over 20% of the worlds population should label such peaceful, positive and important expansions of freedom and human liberty as unacceptable, useless and harmful.

It is important to note that within the SCO structure that the most senior officials, equal to a cabinet level in our own government, of the every department of the respective member states meet at least once a year for the purpose of increased cooperation and integration of their various portfolios. In effect at least once every month there is a meeting going on within the SCO of cabinet level officials. Although some in the west may dismiss these as insignificant, when one considers the potential consequences of something as simple as the integration of their transportation networks. Consider these discussion in light of such issues in Central Asia ranging from smuggling narcotics and people to the possibility by either states or groups, interested in the proliferation of ballistic missile and weapons of mass destruction using this integration to ease the movement of these materials. With these issues in mind even a simple discussion on the integration of road networks takes on a much larger strategic significance. Especially when one considers that China, Russia, Iran, and Pakistan are all either members or observers of this organization. This is why I have on multiple occasions labeled the Shanghai Cooperation Organization as the most dangerous organization that Americans have never heard of. It is also why Dr. Menges viewed this development with such trepidation.

THE CHINA RUSSIA PARTNERSHIP—

The Second treaty of significance that I and Dr. Menges examined was the bi-lateral treaty between Russia and China. This was signed the month after the SCO charter in July 2001.¹¹ If one were to just go by the title of this treaty, which is the “Treaty of Good Neighborliness and Friendly Cooperation,” than nothing would seem too worrisome about this development. After all why should anyone object to a treaty which on its face seems designed to sooth relations between to large nuclear armed nations. However once one examines both the actual wording of the treaty and recent events one begins to see the dangerous implications of the growing Sino-Russian relationship that is the centerpiece of the work I did with Dr. Menges. For example Article nine of the treaty states “When a situation arises in which one of the contracting parties deems that peace is being threatened and undermined or its security interests are involved or when it is confronted with the threat of aggression, the contracting parties shall immediately hold contacts and consultations in order to eliminate such threats.”¹² This language which is comparable to Article 5 of the NATO treaty has potentially broad reaching consequences, and is almost friendly when compared to similar wording in the now defunct “Warsaw Pact” that gave free nations nightmares for almost fifty years.

Although China and Russia have over the years provided assurances to the world and more to the point, the United States, that this is a treaty between China and

⁷ Christopher Brown “Uzbekistan signals” *The Washington Times* August 14, 2005

⁸ Simon Tisdall “Uzbekistan looks east for new friends” *The Guardian* November 24, 2005

⁹ “SCO Executive Secretary Says Time For ‘Color Revolutions’ in Central Asia Gone” *Interfax* January 16, 2006

¹⁰ *ibid.*

¹¹ “Russia and China sign friendship pact” *BBC News* July 16, 2001

¹² “Treaty of Good-Neighborliness and Friendly Cooperation Between the People’s Republic of China and the Russian Federation” July 24, 2005 English version available on the Chinese Foreign Ministry Website at <http://www.fmprc.gov.cn/eng/wjdt/2649/t15771.htm>

Russia and is not directed outwardly, the truth was revealed late last year when these two nations held the first of what is going to be an annual war-game exercise. Many observers noted that this exercise, which was originally billed as a counter-terrorism operation, had a strikingly amphibious/airborne invasion characteristic to it that most obviously pointed to a potential operation against Taiwan as opposed to an operation aimed at any potential terrorists that either China or Russia may face.¹³

Even as this unprecedented exercise was ending, there were already announcements that there would be another large-scale joint war game between China and Russia in 2006.¹⁴ Interestingly China and Russia under the context of this massive operation invoked the need to combat the “three evils” of the SCO as the reason and the justification for this operation which was held under the authority of their supposedly non-military treaty of “Good Neighborliness and Friendly Cooperation.” In addition to the 2006 bi-lateral exercises that are being planned between Russia and China there are multiple exercises that are already being scheduled for 2006 and 2007 within the SCO.¹⁵ It should be also be noted that Yury Baluyevsky Chief of Russia’s General Staff said just last November that the 2007 China Russia Bi-lateral war games will be held under the SCO framework as opposed to the Bi-lateral treaty.¹⁶ This announcement coincided with a renewed Chinese effort to once again sought to assure the world that the SCO is not really a military organization.¹⁷

CONCLUSION—

In conclusion, the increasing cooperation on military issues between Russia and China both bi-laterally and within the Chinese controlled SCO, which of course includes the sale of advanced Russian military equipment such as the “Aegis/Carrier Killer” Sunburn anti-ship cruise missile, has allowed China to advance their military and force projection capabilities considerably in the recent years. This is further illustrated in a number of charts that were prepared for the book but left out in the final version that I have submitted to be included in the written record for the committee’s benefit. This is of great concern given that as is pointed out in the book “China the Gathering Threat” that China has repeatedly called all American security relationship in the Asia Pacific region illegitimate and violations of Chinese national sovereignty.¹⁸ This military strength in turn is both a symptom and a cause behind Beijing’s increasingly assertive political and economic actions which comes at the expense of American and her allies around the world as well as the freedom loving people within the spheres of this expansion.

Now although many may scoff at what they might term the rhetoric of the Chinese government, and even label it ridiculous in light of the obvious qualitative advantages of the modern American and allied militaries currently enjoy, such a dismissive attitude ignores the fundamental truth of international relations. That truth is that although perceptions may differ from the objective nature of the world, those perceptions of the actors in fact create the reality through which individuals and nations act regardless of what the truth may be. Therefore it is important that we learn the lessons of history; and be proactive in our approach to China heeding the words of Winston Churchill in his famous “Iron Curtin” speech where he said of World War 2 “There never was a war in all history easier to prevent by timely action . . . but no one would listen. . . . We surely must not let that happen again.”¹⁹

Chinese ambition and overconfidence and our own dismissive attitude of these gathering storm clouds and the real path that China is pursuing, as opposed to the path that we hope they will take, could easily spiral out of control very rapidly into a war of mutual miscalculation between America and China. That is at the heart of the warning that Dr. Menges and I worked on in preparing “China the Gathering Threat”.²⁰

I am now pleased to answer any of questions from the committee.

¹³ Fred Weir “Russia and China meld muscle for war games Shared concerns of regional unrest push aside differences” *The Christian Science Monitor* August 17, 2005

¹⁴ “Russia plans another joint military exercise with China in 2006” *RIA Novosti* August 26, 2005

¹⁵ “Shanghai organization to hold military exercises in 2006–2007” *RIA Novosti* September 25, 2005

¹⁶ “Russian-Chinese 2007 exercises to be held under SCO” *RIA Novosti* December 1, 2005

¹⁷ “Chief Zhang Says SCO Will ‘Absolutely Never Become Euro-Asian Military Alliance’” *Xinhua* January 17, 2006

¹⁸ Constantine Menges “China the Gathering Threat” *Nelson Current* April 19, 2005 Pg. 294

¹⁹ Winston Churchill “Sinews of Peace” *Westminster College Fulton Missouri* March 5, 1946

²⁰ Menges Op. Cit pg. 511

Mr. ROHRBACHER. I would like to thank the panel very much for opening this discussion. And let me just state again for the record, I happen to believe that China is America's greatest potential enemy. It is our adversary today.

In the same thought, however, I would say that America's most important ally in building a peaceful world and a better future happens to be the people of China. And just as Dr. Menges understood the threats to freedom by the totalitarian regimes that existed over the years, and that he warned us about, Dr. Menges was never an enemy of the people who were subjugated by those very regimes that he opposed. And in fact, his strategy always was aimed at supporting those people within those countries.

So today, as we discuss China, let no one suggest that we are anti-Chinese, when in fact we know that the people of China themselves are our greatest hope for the future. And we should be doing everything that we can to reach out to them, and to nurture democracy and an evolution in the right direction on the mainland of China.

Of course, this doesn't necessarily coincide with what the policies of the United States Government seem to be, and certainly not of what seem to be the policies of corporate America. And maybe the panel has a discussion or could let me know what you think in terms of today. Are American policy and corporate policy heading toward a more peaceful world? Or does it appear that we will end up at war with China? And in terms of what our Government policy is and in terms of what corporate policy is, are these in any way consistent with what we hear now being proclaimed as the Bush Doctrine of promoting democracy and encouraging regime change in totalitarian societies?

So I wonder if you could comment on that, right down the line.

Mr. MOSHER. Well, I guess the question, Mr. Chairman, is: Are we applying the Bush Doctrine to China? Should we apply the Bush Doctrine to China?

I happen to be a strong supporter of President Bush, and of the Bush Doctrine. The U.S. now is actively leading the effort to promote democracy in many parts of the world, opposing dictatorships, and encouraging regime change. This, President Bush has argued, and I agree, is the best way to fight terrorism.

But terrorism is, in a sense, a disease of the skin. The long-term threat from China, the potential threat from China, is a disease of the heart. We will go on, despite the threat from terrorism, however it wounds us. But the world order, the peaceful world order dominated by the United States, is potentially threatened by the rise of China, as long as it remains a one-party, nuclear-armed, Communist dictatorship.

And so I am concerned that China seems to be the exception to the Bush Doctrine. It doesn't seem to me that we have made the establishment of liberal democracy a top priority in China, which is what it should be.

Instead, many here believe that economic reforms in China will painlessly usher in the rule of law and respect for human rights, and ultimately popular sovereignty. And I don't think the history of Asian countries enables us to be that optimistic about economic development, economic liberalization leading to democratization.

Economic reform certainly is necessary for democratization, but it is not sufficient to bring about democracy. We must withdraw support from the one-party dictatorship that rules China in many different ways. We should apply constant pressure on human rights. We should encourage Chinese dissidents to organize and work for change. We should stand with the Chinese dissidents the way we stood with the Soviet dissidents. Meetings with the Chinese Sakharovs and Solzhenitsyns should be on the agenda.

President Bush has been very courageous in implementing democracy in Iraq. But it is China, I think, that holds the key to a world of peaceful democratic states. And that is where we want to be 25 or 50 years from now, living in a world of peaceful democratic states.

Mr. ROHRABACHER. Mrs. Menges.

Mrs. MENGES. Thank you. One of the myths about China is that, because China is one of our major trading partners and is benefiting from enormous amounts of trade from us and other democratic countries, that China has become more free. In fact, China has become more repressive.

For example, there are now approximately 50,000 people within China who monitor the Internet. The Internet is filtered. I know you are going to have hearings about that tomorrow. There were, in the year 2005, 87,000 of what they call civil disturbances within China that were put down by repressive means. And there are many people, most likely millions of people, inside China who would be open to the idea of liberalization.

My husband believed that there are factions within the Communist Party itself that would move more toward reforming Communism, and later to broader freedoms within the party itself.

And so I think our Government must do whatever it can to try to help these processes along. And in my husband's book he really spells it out, how to do that.

Mr. ROHRABACHER. Let me note that they called it the Reagan Doctrine when we helped those people who were struggling against Soviet domination, especially in Afghanistan and Nicaragua and elsewhere. That was part of Constantine's strategy; the Reagan Doctrine didn't come out of thin air, you know. It was well thought out. And today we hear about the Bush Doctrine, which is promoting democracy and encouraging regime change in totalitarian societies.

Having lived through Ronald Reagan and having been part of that team, I would give him high marks.

I am going to withhold giving any marks to the current Administration. But I think that it certainly, let us put it this way, that we are not measuring up to what we did during the Cold War, and the actions of President Reagan, which ended the Cold War peacefully.

And if, indeed, China is a great threat to the future, we are not doing as much to build a future peaceful world, and to alter that threatening circumstance, in comparison to what Reagan did to end the Cold War when he was President.

Mr. Brown, would you like to comment?

Mr. BROWN. Sure. I was actually going to bring up the Reagan era. I think that is a wonderful example of exactly what we should

pursue with China. I mean, obviously we can't use an Iraq model for seeking regime change; that is ridiculous. It is suicidal. It would cost millions of lives and is pointless.

The key is working with the people of China, encouraging them. As we saw with Tiananmen, there is a great desire for freedom and liberty. The problem is that various policies that we pursue actually enable the regime to continue to repress their own people, and oppress people around the world.

When you look at a map of the nations that are troublesome to us, North Korea and Iran are at the top of the map. And both of those nations are held up by China. And the people there are being held down the same way. And the reason this is going on is because we are enabling them. Just as during the 1980s the Europeans were almost neutralized by Soviet oil and Soviet energy dependency, we are neutralizing ourselves by dependency on them economically.

And what we need to do is we need to start focusing on what is good not only for our people, but what is good for the people of China.

Mr. ROHRABACHER. Thank you very much. Let me turn it over to Mr. Delahunt. But let me just note about the point about Japan prior to World War II.

The United States did have a very strong economic relationship with Japan prior to the Second World War. And in fact, I don't believe that many of the Japanese war technologies and military technologies were products of Japanese creativity. In fact, there is evidence to suggest that, for example, even in the months prior to Pearl Harbor, that some of our aeronautics technology corporations were actually dealing very closely with Japan, and negotiating deals. I understand the B-17 was actually under negotiation; to sell the B-17 to Japan just in the months prior to Pearl Harbor.

I think the same could be said of China, where we have seen so much military technology that the taxpayers have paid for, end up, one way or the other, in the hands of, as I say, what has to be considered our greatest potential enemy.

Mr. Delahunt.

Mr. DELAHUNT. I am going to pursue the theme of the Bush Doctrine, as articulated by my friend to my right.

He describes it as encouraging regime change. Is this, in your opinion, the policy of the Bush Administration currently, to encourage regime change in China? Mrs. Menges or anyone.

Mrs. MENGES. Mr. Delahunt, no, I don't think it is. I don't see that happening at all.

Mr. DELAHUNT. Mr. Mosher?

Mr. MOSHER. Congressman Delahunt, we seem to be in many ways ratifying the authority of China's current leadership, in the hope that that leadership somehow contains the germ, within itself, of regime change.

We seem to be waiting for the emergence on the scene of a Chinese Gorbachev, without realizing that back in the 1980s, in Hu Yaobang and later on in Zhao Ziyang, we did have two reform-minded leaders who, because they were reform-minded, were removed from power by the paramount leader, Deng Xiaoping, who put in their place a man, Jiang Zemin, whose name is now familiar

to us, who seconded his notion that the Tiananmen demonstrations must be put down by force; that shedding a little blood was absolutely necessary.

Mr. DELAHUNT. So what you are saying is that, despite your admiration for President Bush, that you disagree with the Bush policy, vis-a-vis China?

Mr. MOSHER. I would like to see the Bush Doctrine more firmly applied to China. I would like to see human rights not mentioned at the end of meetings, but at the beginning of meetings. I would like to see broadcasting from not just the Voice of America, but also Radio Free Asia, which I had the privilege of being involved with the set-up many years ago, strengthened. There are many things we could be doing that we aren't.

Mr. DELAHUNT. I have read your testimony. And thank you. What I find interesting is that, as we review our indebtedness, this Administration has managed to amass in excess of \$1.1 trillion American debt held by foreign nations, particularly China, which is number two after Japan. Do you think that poses a risk to us?

Mr. MOSHER. I think the ongoing undervaluation of the Chinese currency poses a risk to us. And China seems to be determined to move much of the world's manufacturing infrastructure within its borders, and it is unfair to American workers to allow this mercantilism to continue.

Mr. DELAHUNT. Well, that is why many of us, I would suggest, voted against PNTR (Permanent Normal Trade Relations) in a very bipartisan fashion. Mr. Rohrabacher and I have an array of disagreements on policy issues, but we did vote similarly in terms of PNTR.

Is that right, Mr. Rohrabacher?

Mr. ROHRABACHER. That is correct.

Mr. DELAHUNT. Thank you. Maybe for different reasons. But again, as I reflect, the Administration, in its efforts to make permanent the tax cuts, one can draw, connect the dots, if you will, in a very ironic way, that we are seeking to borrow money in the financial markets, some of which will be debt that will be purchased by China, to in fact fund the tax cut for Americans. It has a certain irony to it, if you will. And I find that somewhat disturbing.

But let me ask a question. What do the Chinese think our intentions are? I mean, I just asked my staff, in terms of our own defense expenditures, I mean, there is no secret because we are transparent—in many cases, unfortunately, we are not transparent, but at least in the case of defense expenditures we are transparent—China is number two. And this is in 2002. Our budget clearly will have changed. Our budget was \$343 billion, and the Chinese were—the staff is great when you have trouble with your eyesight—\$51 billion.

I just wonder from your perspective, in your analysis of Chinese thinking, how are we perceived? Do they consider us a threat? Do they consider us to be bellicose and threatening to their national security?

Mrs. MENGES. I believe that they see us as standing in the way of what they wish to accomplish, which is to become a dominant power, first in Asia and then beyond. And we also stand in the way

because we are a competitor in terms of resources that they will need to fuel their economy.

Mr. DELAHUNT. Mr. Brown?

Mr. BROWN. Okay. One of the interesting things that we researched when we were preparing the book was the fact that in the early 1990s the Chinese Government designated the United States as its main enemy, something we have not done with them.

We have great indicators of their perceptions of us. They still, to this day, believe that we intentionally attacked their Embassy in Belgrade, as opposed to the accident, and the firings that occurred afterwards and the investigation since then.

As for the defense expenditures comparison, the QDR (Quadrennial Defense Review), which was recently released, said that every year since 2003 for the past 10 years since 1996—

Mr. DELAHUNT. Excuse me, Mr. Brown, but you just provoked a thought.

Mr. BROWN. Okay.

Mr. DELAHUNT. What was the Chinese response to the plane incident that we sent over to have them utilize at the highest levels of their government? That, according to newspaper reports, were, well, fixed up a bit.

Mr. BROWN. According to newspaper reports, they used it as, in my opinion, an opportunity to humiliate the United States, an opportunity to try to—they insist that the 200-mile economic exclusive-use zone is actually territorial water and air space, although we all know that it is the 12-mile. And they used it as an opportunity to basically make us look bad, and to gather intelligence when the plane landed in Hainan. I mean, there is a reason they had us cut it up. They had the opportunity to take a look at everything inside of it in that process. And we had to bring the plane back in pieces.

Mr. DELAHUNT. This is the plane that purportedly had bugs in it?

Mr. BROWN. Yes.

Mr. DELAHUNT. Okay. And would you continue?

Mr. BROWN. Okay. Well, the QDR made a point of 10 percent per year increase in the Chinese budget. This is after inflation and all the other things. This is a real increase. And this is a conservative number, from what is out there.

Mr. DELAHUNT. Right, but we are really way ahead of them when it comes to, you know, military expenditures.

Mr. BROWN. Yes. Which means in the past 10 years they have doubled what they were spending in 1996 on their defense budget.

Mr. DELAHUNT. I understand that. But in terms of real dollars, the numbers are really—I mean, we spend more on defense than the rest of the world combined.

Mr. BROWN. We also have global commitments at this point in time. The Chinese are not looking to have a global commitment right away. They are looking to expand incrementally. They are taking the long-term approach, as opposed to short-term, which is benefitting them, and endangering us, as the Chairman points out, as potential enemies.

We are not on a collision course to war next week. The warnings contained in the book were long term, the next 2, 5, 10, 20 years down the road.

Mr. DELAHUNT. You know, one final question, if I may, Mr. Rohrabacher. You allude to the Shanghai Cooperative Pact, and you allude in your written testimony to Uzbekistan. And I really want to be clear. You are not suggesting that Uzbekistan is a democracy?

Mr. BROWN. No.

Mr. DELAHUNT. Right. And again, Uzbekistan was one of our allies at one point in time. And in terms of the Bush Doctrine as it embraces democracy, would you agree or disagree that those with whom we align ourselves oftentimes are unsavory, or at least in the case of Islam Karimov, who is unsavory, a thug, a despot, and certainly causes me some concerns about where we are bringing democracy, and how we are bringing democracy. Do you have any comment?

Mr. BROWN. The only comment I would have is that in a realistic world, you have to choose your fights. The one thing about Uzbekistan is it is not trying to be expansionistic; it is not trying to push its version, Islam, outside of its borders.

Mr. DELAHUNT. But it does boil its people alive.

Mr. BROWN. It does commit a lot of very bad human rights abuses. And we have the same problems with our good friend Egypt. We have the same problems with our good friend Pakistan. The truth is that it is an imperfect world.

Mr. DELAHUNT. What you are saying, and I really appreciate your candor, is that we don't necessarily decide who our friends are or are not based upon goodness, light, and moral values.

Mr. BROWN. If we did, then our trade policy with China would be far different.

Mr. DELAHUNT. Right. Thank you.

Mr. BROWN. And that is the key.

Mr. ROHRABACHER. Thank you, members of the first panel. And we will now move on to the second panel. And as we do, I would suggest that about defense spending—and maybe this second panel would like to talk about this—but the Chinese, I understand, don't pay the same pay grade that we pay our people at. [Laughter.]

So you can end up with a huge army at one-tenth the cost. Their Congressmen get better pensions than we do. Okay, we will look into that.

[Pause.]

Mr. ROHRABACHER. All right, thank you very much. For our second panel, we have some very distinguished witnesses. Dr. Perry Pickert teaches Asian Studies and Intelligence in a United Nations context at the Joint Military Intelligence College at the Defense Intelligence Agency. He retired from the CIA in 1998, and from the United States Marine Corps Reserves in 1999.

And we appreciate him being with us to share his thoughts. And again, if we could summarize down to about 5 minutes, we will have a discussion after the panel completes its presentation.

Dr. Pickert. Do you have a PowerPoint slide presentation here? I am not sure how that goes. There we go.

Mr. PICKERT. Now can you hear me?

Mr. ROHRABACHER. Yes, sir, you may proceed.

Mr. PICKERT. That gets my slides. I will just be looking off to the side.

Mr. ROHRABACHER. Right behind you we can see.

Mr. PICKERT. We are all set.

Mr. ROHRABACHER. All right.

**STATEMENT OF PERRY PICKERT, J.D., Ph.D., FACULTY
MEMBER, JOINT MILITARY INTELLIGENCE COLLEGE**

Mr. PICKERT. Last fall, President Hu Jintao came to New York to put the UN and multilateralism at the core of Chinese foreign policy. It was a stunning about-face.

Mr. ROHRABACHER. Could you move the microphone a little bit closer?

Mr. PICKERT. Thirty years earlier, Deng Xiaoping, the first Chinese leader to speak to the General Assembly, endorsed the Great Proletarian Revolution, lashed out at the superpowers, and called on the Third World to join China's revolutionary struggle against colonialism, imperialism, and hegemonism. Next slide.

Upon assuming the China seat in 1971, the PRC cautiously began representing China in the main UN bodies, such as the Security Council and the General Assembly. For the next 10 years, Chinese diplomats learned the procedures, made an occasional statement, apparently directed at a domestic audience, but had little impact on the political climate or actions of the UN institutions.

As Chinese diplomats gained experience, they appeared throughout the UN system, including the UN specialized agencies. Next slide.

In his speech to the World Summit this fall, Hu Jintao mentioned the UN 22 times in 10 minutes, offering a vision for a multipolar world and globalized economy. Upholding multilateralism, he placed the UN at the core of collective security. He recommended implementation of the UN Millennium Goals, and advocated UN reform. Next slide, please.

What I am going to ask today is, does Hu Jintao's vision of the future constitute a grand strategy? Strategy in English and in Chinese contains the element of long-term planning, and the word stratagem contains an element of deception.

In the case of the Chinese in the UN system, their long-term strategic goals were set in 1945, when the Nationalist Chinese signed the UN Charter. In terms of their current behavior, they are mostly taking one stratagem at a time. Their overt views, their overt goals and missions are basically only an element to show the overt side, while on the covert side they have a way to use the UN system for their own goals.

When Deng Xiaoping came, he gave the basic goal of a coalition with the developing countries as the basic of a political base which the Chinese would use. At first it was regarded only as propaganda. However, over the years it has been clear that they have managed to turn leverage into a political base using their veto by building ad hoc coalitions to protect Chinese interests, and use the UN to obtain resources for their strategic objectives.

A second stratagem that the Chinese have done is they have used the underlying powers of the UN system in a way to pull the power out of the UN Security Council. And this, in ancient Chinese

strategy, this was called “pulling the firewood from under the cauldron.” This is taking the energy and power out of your enemy’s attack, rather than actually making a direct attack.

In this case what they have done is they have taken the UN’s veto power, which they have only used four times in the history of the UN, and instead of vetoing it, they used it to leverage and to make changes in resolutions which weaken them, as in the case of the resolutions against Iraq, Syria, and Iran, and North Korea, they have withheld language that would have given authority to make the resolutions strong. Next slide, please. Next slide.

If you can see on the graph, you will see that the Chinese have used, in the first 10 years, they were absent more than any other UN member, and in the last 10 years they have used absention as the primary tool. They argue for the change, and then they are willing to abstain, therefore letting the UN act, but not without direct effect. They have done this to get the political power base with their allies.

Their next stratagem is called “fishing in troubled waters.” Outside of the Security Council the UN has traded votes with a coalition of the UN’s rogue gallery. In Geneva, the Chinese delegate congratulated the UN’s Human Rights Commission as the world’s foremost human rights forum. The slide shows the list of the members of the like-minded group, which includes Algeria, Bangladesh, Belarus, Cuba, Egypt, India, Zimbabwe, and Vietnam. The like-minded group’s objective is to make sure that no action is taken that frustrates Chinese interests, and protects their human rights record.

Beyond the human rights group in Geneva, the Chinese have established a relationship with G-77 in New York, which is the large non-allying Congress. And they subsidized the organization of supposedly non-aligned group to the tune of \$200,000 a year.

Another stratagem is to “borrow a road to send an expedition against an enemy.” Next slide, please.

This is like the credit card bill—go back one slide. This is the amount of money that the UN has borrowed through the Asian Development Bank and the World Bank for its projects who were essentially infrastructure-based. Beginning in the last few years, the development in China occurred mostly on the east coast, but they have borrowed money from the Asian Development Bank and have plans to develop more to support China’s Go West strategy. Next slide, please.

In addition, they are participating in a project sponsored by ESCAP (Economic Social Commission for Asia and the Pacific) to build the Asian Highway. If you note on the graph, you will see that it stretches clear across all of Asia, and that most of the unconstructed parts are on the internal parts of the west of China. This is a way for the Chinese to use UN resources to expend their effort outside of the country to the west.

Getting to the west sometimes also includes going over the poles. In a recent meeting in Bangkok, the Chinese and the Russians began the process of agreeing to a set of polar air routes—next slide, please—which will allow the Chinese commercial aircraft interests in the future to fly across the poles to reach the United States and northern American markets.

The next stratagem is called "crossing the sea with treachery." Next slide, please.

The first international conference that the Chinese participated in after having a UN membership was the Law of the Sea Conference. Under the law of the sea, they at first also did not ratify the treaty, they just signed it. But before actually ratifying the treaty, a commercial Chinese company acquired exploration rights off of the coast of Hawaii. The areas in red are where they will do exploration for Manganese nodules, which are contained metals such as nickel, manganese, and copper. Next slide, please.

This is the Chinese research ship, the *Ocean One*. I thought when I looked at it that we could scratch it and find the Glomar Express underneath. But this is a Chinese ocean vessel which is photographed here in the Bahamas. Its around-the-world cruise, the first around-the-world cruise, was last fall, and next slide, please. You will note that it took a circumnavigation of the globe to do underwater ocean exploration.

Over the next few years the Chinese, they developed a coalition within the Law of the Sea apparatus to act as a developing country, in order to have a political base for the exploration of the oceans, and to get their component of the resources of the ocean under the Law of the Sea Treaty. Treating the United States as a non-signatory with respect to oceanographic exploration, using the same rules which we used against them in sending vessels into their territorial field within the Chinese economic zone, they will allow us to use it. But they will not allow the other countries of the Law of the Sea Treaty. Next slide, please.

In order to gain more and more of the oceans' resources, they are also participating in the exploitation of the ocean environment for the sea. Even if you are a shark, you are not safe. These sharks were taken by Ecuador. Because of shark fin soup, sharks are about to become an endangered species.

In the case of the stratagem of the guest plays the host.

Mr. ROHRABACHER. If you could go to the central points now.

Mr. PICKERT. Next slide, please. The World Trade Organization, the reversal of roles of the Chinese are acting as a developing country within a structure in which they are exporting regimes. In that case, at the World Trade Conference in Hong Kong last December, they were the host to the trade ministers—now we are trying to trade paper money and SDRs (software defined radios) and CDs and debt in the West for goods from China, just as in the old days, we tried to get the Chinese addicted to, the Westerners tried to get the Chinese addicted to opium. Next slide, please.

With respect to the Shanghai Cooperation Organization, the rules of the Shanghai Cooperation Organization show how the Chinese use consensus-based procedures as a basis for building weak organizations which will be unable to act. Their support for an expanded security council in the UN Security Council also is a mechanism to expand the organization which they retain a veto in, and therefore make it very difficult to use the organization to make enforcement action to have peacekeeping organizations that are useful and strong. And therefore, by negotiating to abstain, have a weak regime in place. It is a political tool that they can use in the future. Next slide, please. Next slide.

Finally, when Hu Jintao came to the Security Council and made his speech, the basic point of his arguments were that China will become a forthcoming global power that supports multilateralism. However, in the case of the Security Council and the Shanghai Cooperation Council, in fact the Chinese really are using this system to protect their political and economic interests from damage control. Rather than overtly using it as an instrument of a policy, they are in fact quite happy with the UN's system as it is, which does not have a set of procedures which allow a hegemonal role because the UN Security Council is the basis of the system for the use of force. And the democratic political base of the UN system is the means that they have to have a broad political base to protect their interests, not a single, central direction.

As in the case of the Security Council in the UN system, they have accepted the world order as it is, and are using the procedures to protect themselves. And they have a clear set of objectives which they are careful about, and they trade votes to protect their agenda, rather than taking an offensive and aggressive stance in the organization.

Thank you.

[The prepared statement of Mr. Pickert follows:]

PREPARED STATEMENT OF PERRY PICKERT, J.D., PH.D., FACULTY MEMBER, JOINT
MILITARY INTELLIGENCE COLLEGE

Last fall President Hu Jintao came to New York to put the UN and multilateralism at the center of Chinese foreign policy. It was a stunning about-face. Thirty years earlier Deng Xiaoping, the first Chinese leader to speak to the General Assembly, endorsed the "Great Proletarian Cultural Revolution," lashed out at the superpowers and called on the Third World to join China's revolutionary struggle against colonialism, imperialism and hegemonism.

Upon assuming the China seat in 1971, the PRC cautiously began to represent China in the main UN bodies, such as the Security Council and the General Assembly. For the first ten years the diplomatic cadre learned the procedures, and made an occasional ideological statement apparently directed at a domestic audience, but their presence had little impact on the political climate or practical actions of UN institutions.¹ Gradually, as more Chinese diplomats gained experience, they appeared throughout the UN system and began to enter the UN Specialized Agencies where the Chinese had specific national interests. Today, they enjoy broad representation throughout the UN system and key positions in the secretariats of UN and its specialized agencies. In his speech to the UN World Summit, President Hu Jintao mentioned the UN no fewer than 22 times in ten minutes offering a vision for a multi-polar world and a globalized economy. Upholding multilateralism by

¹Nationalist China's twentieth-century participation in the UN organization can pretty much be summed up with the career of V. K. Wellington Koo. After receiving a Ph.D from Columbia, he returned to China where he began the process of negotiating the end of the "unequal treaties," and was considered a founder of the modern Chinese diplomatic service. As a delegate to the Paris peace conference of 1919, he walked out to protest the great-power deal that gave Shandong, the birthplace of Confucius, to Japan. The demonstrations which followed all over China came to be known as the May 4th Movement and this perhaps gave birth to the Chinese Communist Party. In San Francisco, he signed the UN Charter for China and later became a judge and vice president of the International Court of Justice at The Hague from 1957 to 1967. The PRC has resurrected (GU) Koo; he is presented as a proletarian diplomatic worker and hero of the revolution in a recent movie, *1919*. http://c250.columbia.edu/c250_celebrates/remarkable_columbians/v_k_wellington_koo.html; . Restoration of the lawful rights of the Peoples Republic of China in the United Nations UNGAOR 2758 (XXVI) 25 October 1971 <http://www.un.org/documents/ga/res/26/ares26.htm> accessed 20051117; and current PRC participation is provided in CIA Fact Book, <http://www.cia.gov/cia/publications/factbook/geos/ch.html> accessed 20051105 AfDB, APEC, APT, ARF, AsDB, ASEAN (dialogue partner), BIS, CDB, FAO, G-77, IAEA, IBRD, ICAO, ICC,ICRM, IDA, IFAD, IFC, IFRCS, IHO, ILO, IMF, IMO, Interpol, IOC, IOM (observer), ISO, ITU, LAIA (observer), MIGA, MONUC, NAM (observer), NSG, OAS (observer), ONUB, OPCW, PCA, SCO, UN, UN Security Council, UNAMSIL, UNCTAD, UNESCO, UNHCR, UNIDO, UNITAR, UNMEE, UNMIL, UNMOVIC, UNOCI, UNTSO, UPU, WCO, WHO, WIPO, WMO, WToO, WTO, ZC

placing the UN at the core of collective security, he recommended implementation of the UN Millennium Goals and advocated UN reform with increased UN Security Council participation by developing countries from Africa, and especially by small and medium-size countries. He said China stands for peace, development and the Five Principles of Peaceful Coexistence. Does Hu Jintao's UN speech indicate a fundamental change in China's grand strategy?²

Before looking into the concave mirror of China's past participation in international organizations as a way to focus on the future, I will consider a few concepts that help explain whether Chinese participation in the UN system is an application of what is often called China's strategic culture.³ In Chinese military writing as reflected in Sun Tzu and in ordinary English, strategy is not a single, simple concept but an interrelated set of ideas. Webster's Dictionary puts the elements together in a simple way that parallels Chinese thought. The meaning of the word "strategy" in relation to national decision-making, statecraft, economics, and diplomacy has been derived by analogy from military practice and thought. In both East and West the roots of the words "strategy" and "stratagem" are linked and contain an element of deception.^{4,5}

Strategy

1. The science or art of military command as applied to the general planning and conduct of full-scale combat operations
2. A plan of action . . . for attaining a goal

Stratagem

1. A military maneuver intended to surprise or deceive
2. A deception

In 1981 the Peoples Liberation Army published a "new edition" of the military classic *Sanshiliu Ji* [*The Thirty-Six Stratagems*], intended to simplify the ancient Chinese text recast in terms of modern warfare and Marxist ideology. Unlike *The Book of Changes*, the 36 stratagems are all from the dark side (yin) of warfare and with no counter-balancing (yang) and belong to "treacherous plots" of the ancient military strategists.⁶

In the West we laughingly define a "diplomat" as an honest man sent abroad to lie for his country. At the UN, we have 191 "honest men" at work every day reaching higher and higher levels of the art multilateral diplomacy. After fifty years, a new generation of Chinese diplomats has emerged and I will use *The Thirty-Six Stratagems* to look for the stratagems in Deng Xiaoping and Hu Jintao's speeches and Chinese practice in the United Nations system. In each case I will analyze the explicit PRC objectives and UN action to search for the *stratagems* hidden in plain sight of the China's multilateral diplomacy and consider the implications for the United States?

STRATAGEM: BEAT THE GRASS TO STARTLE THE SNAKE

In April 1974 Deng attended the UN Special Session of the General Assembly on raw materials and development. Mixing Marxist-Leninist analysis and Chinese philosophy, he saw "great disorder under heaven" with the two superpowers, the United States and the Soviet Union, "vainly seeking world hegemony." Quoting Mao, he pointed to the "threat of a New World War," and he saw "revolution is the main trend in the world today." For Deng, the problem of raw materials and development was "the struggle of the developing countries to defend their state sov-

² Hu Jintao speech at the UN World Summit in New York 15 September 2005
<http://www.un.org/webcast/summit2005/statements15.html>
 accessed 20051105

³ Colin S. Gray, *Comparative Strategic Culture Parameters*, Winter 1984, pp. 26–33; Alastair I. Johnson, *Cultural Realism: Strategic Culture and Grand Strategy in Chinese History*, Princeton University Press (1995).

⁴ Samuel B. Griffith, *Sun Tzu The Art of War*. Oxford University Press (1963)

⁵ *Webster's II New Riverside Dictionary*, Revised Edition. Houghton Mifflin (1996) p.667.

⁶ This year I began using the ancient Chinese game of (Weiqi) Go in my class at the Joint Military Intelligence College as a way to study strategic thinking from a Chinese perspective. In Go all of the movements are completely in the open. Deception is key and the strategy behind the separate moves must be hidden in plain sight just as in the public multilateral diplomacy of UN. Thus inspiration for this approach came from Ma Xiaochun, *The Thirty-Six Stratagems Applied to Go*. Yutopian Enterprises (1996) with an introduction by Roy Schmidt (p. vi). In 1981, the People's Liberation Army Press published a "new edition" of the Xin Pian classic, *Sanshiliu Ji*, as updated by Lik Bingyan.

ereignty, develop their national economy and combat imperialist, and particularly superpower, plunder and control.” He offered solidarity with the Third World, supported the Arab countries’ use of “oil as a weapon,” and called for establishing “organizations of raw material-exporting countries for a united struggle against colonialism, imperialism and hegemonism.” Not mentioning the UN Charter at all, he held out China’s Five Principles of Peaceful Co-existence as the standard for Chinese participation in international relations. He concluded by saying, “we are opposed to the establishment of hegemony and spheres of influence by any country in any part of the world in violation of these principles.”⁷

<http://www.marxists.org/reference/archive/deng-xiaoping/1974/04/10.htm>
accessed 20051105

In Deng’s speech there was no role for the existing system of international organizations. He mentioned the UN only twice. His was a revolutionary message placing the PRC at the vanguard of the developing countries that would use the leverage of the sovereign control of resources and raw materials against the superpowers and the developed world.

As Deng spoke, Mao was still at the helm of the Chinese ship of state, sailing along at full speed in the Cultural Revolution. Deng was keeping to himself his grand strategic plan to transform China to a market economy. A clear statement of his objectives and strategy would have landed him in a reeducation camp. Deng understood that the mandate of heaven depended on a market economy. Development was the key and China needed peace, money, resources and technology. China would do the work on its own but the West would play a key role and the UN system of international organizations would contribute.

There was applause at the end of Deng’s speech, but the votes were in somebody else’s pocket. Eastern Europe was under firm Soviet control and Soviet allies India, Cuba, and Yugoslavia led the Non-Aligned Movement (NAM). The Chinese in the Secretariat were Nationalists.

At the time, the speech was dismissed as propaganda, but it was merely a smoke screen to cover a 180 degree course correction to reverse China’s isolation and weakness. Hidden in plain sight in Deng’s text was astute political analysis and a linked set of stratagems to gain China’s rightful position of power in the UN system. First, the UN was a hostile forum. China would use its position on the Security Council to prevent the UN from taking measures, sanctions or enforcement action, directly against China or its fundamental interests anywhere in the world. Second, Deng sought allies with enough votes to block Western initiatives in the deliberative bodies of the UN system. The main objective was damage control to prevent Western or Soviet attacks against the PRC. Third, with opaque endorsement of a “non-aligned” program for the “new international economic and political order” the PRC joined a coalition with the majority caucus in the UN system to obtain access to UN financial and other resources in support of its economic development.

STRATAGEM: PULL THE FIREWOOD FROM UNDER THE CAULDRON

The meaning of this stratagem is that if you pull the fuel from under a pot it will not have the heat to cook properly. It is not a direct attack but diminishes the power of your opponent.

In the hands of the West and China’s Soviet adversary, the UN Security Council constituted a direct physical and moral threat to Communist China. Not only could the Council authorize the use of force or sanctions, but also the actions had the moral authority of the United Nations. Any state that opts for a Security Council veto suffers negative consequences, placing the state up against the collective judgment of the entire world.

Many feared the PRC seat on the Council seat would bring acrimony and a new string of Cold-War-style vetoes. Just the opposite occurred. At first, China spoke little, voting with the other Permanent Members on the vast majority of resolutions. More than any other Council member, China avoided controversy by abstaining and not participating in votes. Establishing a credible deterrence with respect to Taiwan, Tibet and other issues of direct interest to China were kept off the agenda and out of the international media limelight. Thus, the credible threat of a veto gave China the ability to prevent the use of force or actions such as sanctions against China, without risking the moral opprobrium that would come with using a veto.

While the veto neutralizes the prospect of adverse UN action against the Permanent Member, it is worth nothing as instrument of positive influence and control. Establishing a system of rewards and punishments to help allies and punish en-

⁷ Deng Xiaoping April, 10, 1974 at the Special Session of the U.N. General Assembly,

emies, the PRC used its first two vetoes not for its own sake but for its allies Pakistan and Syria and its third and fourth to punish Haiti and Macedonia for relations with Taiwan. Recently the Chinese have let it be known that they do not support Council action with respect to Sudan, Syria, Burma and the nuclear programs of North Korea and Iran.

China has established an expectation that it will abstain, allowing a resolution to pass authorizing coercive action so long as the resolution is amended to include Chinese language arguably protecting the sovereignty and territorial integrity of the target state and requiring a second UN Security Council resolution explicitly authorizing the use of force after non-compliance with the first resolution. This principle of “automaticity” has been used to emasculate UNSC resolutions on Iraq, Sudan, and Syria by establishing unworkable sanctions regimes, peacekeeping operations with defective mandates and dubious legal grounds for the use of force as a last resort.

Without having to publicly condone the unlawful or immoral conduct of its UN coalition partners, the PRC collects IOU’s by asserting its Principles of Peaceful Co-existence to weaken not prevent Security Council Action against its allies.⁸

STRATAGEM: FISHING IN TROUBLED WATERS

Beyond the use of its veto threat, the PRC began building a voting coalition of the UN’s rogues’ gallery. This process culminated on the occasion of the 60th anniversary of the UN, with the Chinese representative speaking on behalf of the “Like-Minded Group” at the UN Commission on Human Rights. He said, “it is time to toast” the Commission on Human Rights as “the world’s foremost human rights forum,” which among other things has “woven the international legal fabric that protects our fundamental rights and freedom.” Hardly endorsing the mission of the Commission, he complained that the Commission is confronted with a “credibility problem” because it has turned into a place of “naming and shaming of developing countries” by the “use of country specific resolutions . . . targeting mainly developing countries.” He recommended the Commission promote dialogue instead of confrontation, and have “more soul-searching instead of finger-pointing.”⁹

Like Minded Group

Algeria
Bangladesh
Belarus
Bhutan
China
Cuba
Egypt
India
Indonesia
Iran
Malaysia
Myanmar
Nepal
Pakistan
The Philippines
Sri Lanka
Sudan
Viet Nam
Zimbabwe

The goal of the “Like Minded Group” is to prevent the UN from considering specific cases of human rights violations in their countries. It has helped China to prevent consideration of the human and religious rights situation in China and discussion of Tibet or the Uigher ethnic minority. Beyond the human rights group in Geneva, the Chinese have established a bilateral relationship with the G-77 caucus in New York. Rather than overtly attempting to lead G-77, the PRC proclaims the

⁸Terri Zielinski, Research Fellow, Joint Military Intelligence College, “Chinese Negotiating Strategy and Tactics in the United Nations Security Council.” (2004)

⁹<http://www.fmprc.gov.cn> accessed 20051112 Statement by H.E. Ambassador SHA Zukang, on behalf of the Like Minded Group, at the 61st Session of the Commission on Human Rights 14 March 2005, Geneva

“independence” of its policy while contributing \$200,000 a year to finance the G-77 apparatus.¹⁰

STRATAGEM: BORROW A ROAD TO SEND AN EXPEDITION AGAINST GUO

This stratagem is based on the tactic of making a treacherous agreement with the ally of an enemy or neutral state to conduct an attack from an unexpected direction.

Among the first UN Specialized Agencies to receive the PRC's attention were the international financial institutions. The Chinese took a gradual approach, sending a few reliable party cadres with English-language staff assistants. Today the former English-language staffers hold high-level administrative and decision-making posts in banks.

PRC Entry into the International Financial Institutions

Institution	Year of Entry
International Monetary Fund (IMF)	1980
World Bank (IBRD & IDA)	1980
African Development Bank (AFDB)	1982
Asian Development Bank (ADB)	1986
Bank for International Settlements (BIS)	1999

The Chinese were stingy investors, putting little capital in and borrowing well within their means. They were scrupulous in paying their debts and projects have apparently been successful. The objective was to gain experience in the Western banking world and to obtain modest levels of support for mostly infrastructure projects. In 2000, the PRC stopped taking IDA funds which provided loans at lower rates for underdeveloped countries. Recently they joined the Bank for International Settlements to begin to exert influence in the global financial markets. As of Fiscal Year 2005 the PRC had received about \$ 20 billion in loans from the World Bank.

In the regional banks, the Chinese began in the hometown bank of the UN's largest voting bloc, the African Development Bank, where the Chinese have been exclusively a creditor. Today, their major focus is the Asian Development Bank where they have borrowed around U.S. \$15 billion for projects to build industrial capacity and infrastructure.

For the past 20 years most of China's development has occurred on the Eastern Coast relying public financing and Western business. In response, the PRC and the ADB have jointly published “The 2020 Project: Policy Support in the People's Republic of China.” It is a flashy strategic plan, put together by Western consultants under the PRC's State Planning Commission, which outlines PRC development plans for Tibet and Muslim areas.

The project is chiefly a means of obtaining international support and the cover of legitimacy for the PRC's “Go West” policy which encourages Han Chinese to move into the areas of China that are populated by ethnic or religious minorities. The infrastructure projects will emphasize development in western cities, dominated by Han Chinese, and linked by family and economic ties to China. Over time, the indigenous populations will become minorities in their own areas.¹¹

STRATAGEM: CROSSING THE SEA BY TREACHERY

The first major global negotiation in which the Chinese participated was the UN Convention on the Law of the Sea (UNCLOS). At the time, most of the Chinese speeches were propagandistic outbursts against the Soviet Union, the United States and former colonial powers. Siding with the developing countries, they signed the treaty in 1982, but like the United States they did not ratify it.¹²

¹⁰ China and Group of 77(G-77), <http://www.fmprc.gov.cn/eng/wjb/zzjg/gjs/gjzyhy/2616/t15326.htm>

¹¹ http://www.worldbank.org.cn/English/Projects/projects_summary.asp accessed 20051125 ; <http://www.adb.org> accessed 20051202.

¹² China ratified the Law of the Sea Convention on 7 June 1996 and has passed domestic legislation to implement the treaty, including Law on the Territorial Sea and the Contiguous Zone of 25 February 1992, the Declaration of the Government of the People's Republic of China on the baselines of the territorial sea on 15 May 1996 and the Exclusive Economic Zone and Continental Shelf Act of 26 June 1998. China actively participates in the International Seabed Authority, the Commission on the Limits of the Continental Shelf, and the International Tribunal for the Law of the Sea where Judge Guangjian Xu has been a Member of the Tribunal since 16 May 2001; http://www.un.org/Depts/los/reference_files/chronological_lists_of_ratifications.htm accessed 20051105 and <http://www.fmprc.gov.cn/eng/wjb/zzjg/tyfls/tyfl/2626/2628/>

The existence on the deep ocean floor of potentially valuable polymetallic nodules has been known for over a century. Scientists investigating these nodules found they contained valuable metals such as nickel, manganese, copper and cobalt. Initially, because the nodules were located in very deep water, in excess of 5,000 metres, commercial mining was not considered viable. By the late 1960s, with advanced technology, it appeared that harvesting of the nodules would soon become a commercial reality. At the same time, it was feared that the economic benefits from mining would accrue only to those developed states that possess the necessary capital and technology.¹³

Sharing the developing countries' "fear," the China Ocean Mineral Resources Research and Development Association (COMRA) of the People's Republic of China filed an application as a preferred "registered pioneer investor," on 5 March 1991, five years before the PRC ratified the treaty. They have recently been awarded the rights to explore undersea minerals where they will be able to enjoy the sights and sounds off Hawaii.¹⁴

On 26 September 2002, Zhang Qiyue, a spokeswoman for the Chinese government, complained that the U.S. naval ship Bowditch was operating in China's 200-nautical-mile exclusive economic zone in contravention of the international law of the sea. A Pentagon spokesman said the Bowditch is a Navy ship staffed by civilians and was conducting military oceanographic surveillance within the economic zone where transit and surveillance are allowed in the American view. Last fall the Chinese research vessel Ocean 1 made its first round-the-world voyage taking a peak at the pond in our back yard.¹⁵

China's participation in the institutions of the UN Law of the Sea Convention means it can play both sides, placing it in an interesting position vis-a-vis the United States. By participating in the secretariat, committee work and the tribunal, China can gain the benefits of a developing country and build a political coalition. Portraying itself as the champion of the developing world, it can enforce the convention rules, favorable to itself, against most of the countries of Asia that are parties to the treaty and at the same time assert non-party, traditional international law principles against the United States which has not ratified the treaty. It will use its coalition of "developing countries" and the leverage of its foreign reserves to obtain biological, mineral, and energy resources it needs through the mechanism of the multilateral regime established to control the oceans.

STRATAGEM: THE GUEST PLAYS THE HOST

When the WTO was established in 1995, the PRC quickly became an observer, but the Taiwan problem remained. Asserting its status as a socialist economy and developing country, the PRC became a member of WTO on 11 December 2001. While the PRC keeps asserting it won a great victory in getting the WTO to accept its principled "one China" policy, the WTO, in fact, has not one but four Chinas, including Hong Kong, Macau and the Separate Customs Territories of Taiwan, Penhu, Kinmen and Matsu (referred to as Chinese Taipei).

The Sixth WTO Ministerial Conference was held in Hong Kong from 13 to 18 December 2005. The irony was hard to bear. Red Chinese cadre were hosting the worlds' capitalist trade ministers boxed up in a "Separate Customs Territory" speaking the *pidgin* English of the WTO. To solve the trade imbalance this time, the barbarians are encouraging the Chinese to become addicted to ADS's, CD's, T-bills, and SDR's instead of opium.

With WTO consensus decision-making, and a powerless Secretary General, China will play the long-suffering developing country, giving lip service to the greens, undeveloped, and agricultural countries, while ensuring nothing moves forward that disturbs the long list of advantages that China negotiated before entering the WTO as a former socialist "developing country." At the same time, through a series of proposed bilateral "free trade" agreements with countries such as India and multilat-

t15474.htm accessed 20051105; Elizabeth Van Wie Davis, *China and the Law of the Sea Convention*. The Edwin Mellen Press, Lewiston NY 1995; Jeanette Greenfield, *China's Practice in the Law of the Sea*, Clarendon Press Oxford, UK 1992;

¹³ <http://www.isa.org.jm/en/default.htm> accessed 20051122 The China Ocean Mineral Resources Research and Development Association (COMRA) of the People's Republic of China. Date of registration: 5 March 1991 (LOS/PCN/117)

¹⁴ <http://www.isa.org.jm/en/seabedarea/2005VesselTour.stm> accessed 20051117

¹⁵ <http://www.nytimes.com> accessed 20021027 China Complains About U.S. Surveillance Ship.

eral arrangements with ASEAN and the Shanghai Cooperation Organization, it is clear China is working toward an Asian “bloc” subverting genuine free trade.¹⁶

STRATAGEM: REPLACE THE BEAMS AND PILLARS WITH ROTTEN TIMBERS

Until recently, the Chinese approach to international organization has been largely ad hoc and defensive. However, PRC support for expansion of the UN Security Council, leadership in the creation the Shanghai Cooperation Organization (SCO), and participation in the process of creating a new East Asian regional organization provides insight into the fundamental nature of the kind of international organization that is designed to meet Chinese objectives. In terms of the stratagem, in each case, under the guise of “consensus” procedures and the façade of larger, more ambitious organizations, the PRC actually weakens the structural integrity of the framework of the organization by maintaining a silent veto on action of the organization.

The Chinese support UN reform including a much larger Security Council. In his speech at the 2005 World Summit, Hu Jintao favored increased representation of the developing countries, African countries in particular and small and medium countries.¹⁷ The Chinese enthusiasm is disingenuous at best. China has explicitly rejected the Japanese and German bids paying lip service to broad expansion knowing full well the United States rejects the greatly expanded Council that would be required to accommodate a package deal acceptable to the developing countries in each of the UN regional groups. But the Chinese don’t just bluff. They would be comfortable with a large body, made up of “like minded” developing countries, reminiscent of the Council of the League of Nations.

The obvious motive of China’s assertive role in Central Asia is to obtain a secure source of energy and raw materials for the expanding Chinese economy. In 1996 the SCO began as the Shanghai Five, a consultative mechanism to resolve border issues moving on to conclude agreements deepening military trust and reduction of military forces in border regions focusing on the three evils: terrorism, separatism and extremism. In 2001 the Republic of Uzbekistan joined and on 7 July 2002 the Charter of the Shanghai Cooperation Organization was adopted.

The accelerated formation of the SCO may have been China’s response to the introduction of an American military presence in Central Asia. Nipping the problem in the bud, at a summit in Astana on 5 July 2005 the SCO declared it necessary, “that respective members of the antiterrorist coalition set a final timeline for their temporary use of the above-mentioned objects of infrastructure and stay of their military contingents on the territories of the SCO member states.” That meant the U.S. On 30 July 2005, Uzbekistan formally evicted the United States, allowing 180 days to move aircraft, personnel and equipment from K-2, the Karshi-Khanabad air base.¹⁸

At the core of the SCO Charter is Article 16 with a “consensus” decision-making process which reveals China’s conception of how international organization ought to be run. There is no place for the troublesome procedure of actually casting a vote. Drafts are circulated by the Chinese controlled secretariat. The heads of state smile for the photo. If there is an objection, a follow-up, consensus decision for expulsion may be taken, where objection is not permitted, and there is no vote.

¹⁶Nationalist China was one of the contracting parties of the General Agreement of Tariffs and Trade (GATT) in 1948. Anticipating controversy, Taiwan shifted to observer status in 1958. The PRC formally applied for contracting party status in 1965, but the negotiations went nowhere. The Sixth WTO Ministerial Conference http://www.wto.org/english/thewto_e/minist_e/min05_e/min05_e.htm accessed 20051116 accessed 20051117; <http://www.wto.org> accessed 20051105; <http://www.fmprc.gov.cn/eng/wjlb/zjzg/gjs/gjzzyhy/2616/t15330.htm> accessed 20051114; <http://www.nytimes.com/2005/11/25/business/25trade.html> accessed 20051125

¹⁷Hu Jintao speech at the UN World Summit in New York 15 September 2005 <http://www.un.org/webcast/summit2005/statements15.html> accessed 20051105

¹⁸<http://www.sectsc.org/fazhanlizheng2.html> accessed 20051123; Declaration of Heads of Member States of Shanghai Cooperation Organization, Astana, July 05, 2005; http://www.sectsc.org/news_detail.asp?id=500&LanguageID=2; http://www.sectsc.org/news_detail.asp?id=96&LanguageID=2 accessed 20051105; India and Pakistan seek full Membership in SCO FBIS IAP 2005102795004 Islamabad APP in English 1535 GMT 27 Oct 05 FBIS SAP 2005102795024 New Delhi PTI News Agency in English 1928 GMT 26 Oct 05; Robin Wright and Ann Scott Tyson, U.S. Evicted From Air Base In Uzbekistan, www.washingtonpost.com accessed 20050730

Article 16

Decisions-Taking Procedure

The SCO bodies shall take decisions by agreement without vote and their decisions shall be considered adopted if no member State has raised objections during the vote (consensus), except for the decisions on suspension of membership or expulsion from the Organization that shall be taken by “consensus minus one vote of the member State concerned.”¹⁹

In 1974 Deng Xiaoping advocated the establishment of cartels by developing countries to use resources as a weapon. China has no such interest today. In creating the SCO, the Chinese have taken preemptive action by creating a regional multilateral organization to cover their bilateral economic relations leading to dependence reminiscent of the “loose-rein policy” of the Ming Dynasty. At the multilateral level, in control of the secretariat, the Chinese will manage the relationships with other international organizations such as the UN, WTO, ASEAN and the EU. The organization will also serve as buffer and minimize potential inroads by non-member countries such as the United States.

At first the Chinese showed little interest in the ASEAN + 3 proposal which called for expansion of the Association of Southeast Asian Nations into a broader East Asian international organization by including China, Japan and South Korea. However, China warmed to the initiative and participated in the first East Asian Summit held in Kuala Lumpur 12–14 December 2005. The meeting is seen by some as a significant step toward creation of an East Asian Community based on the model of the European Community. By excluding the United States, inviting Russia to attend as an observer and expanding the Summit to include India and Australia, it is well on the way to becoming a weak institutional framework to cover Chinese bilateral economic relations. As long as the East Asian regional organization is built on the consensus procedures of ASEAN, the organization will be another “loose-rein” patterned on the SCO.²⁰

STRATAGEM: HIDE A DAGGER WITH A SMILE

Hu Jintao’s embrace of multilateralism in calling for a Multi-Polar World and Globalized Economy merely ratified Nationalist China’s strategic decision to sign the UN Charter in 1945 accepting the universal international legal order based the great power compromise at Yalta between Churchill, Roosevelt, and Stalin which determined the voting rules for the Security Council. The language of balance of power and spheres of influence has been replaced with the politically correct jargon of the UN system. The PRC takes a strict constructionist view of UN Charter language citing instead the Five Principles of Peaceful Co-existence whenever it needs to threaten a veto to protect its interests or shield members of the “Like Minded Group” from UN meddling. The PRC is a global power not a regional hegemon and the UN system suits it just fine.

Under the banner of “the largest developing country” with a “locomotive role,”²¹ the PRC has constructed Deng’s coalition of developing countries in the UN system by a partnership with Russia and *ad hoc* links to the Group of 77. Keeping a low profile, and remaining focused on specific Chinese political and economic interests, the PRC avoids direct entanglement in most of the political and economic squabbles that make up the UN agenda. While Hu Jintao rhetorically calls for implementation of the UN Millennium Goals, the PRC pays a miserly 2% of the UN’s budget. China asks not what China can do for the UN, but what the UN can do for China.²²

Highly professional diplomats in delegations and in the UN Secretariat have stripped away the Communist rhetoric, concentrating instead on the business of multilateral diplomacy, votes, language, budgets, and personnel. With U.S. \$ 800 billion in walking around money²³, a veto in the Security Council, votes for votes and platitudes for platitudes, the PRC represent a political force that must be reckoned with in the UN system. They have a focused agenda and they are in business for themselves.

¹⁹ <http://www.sectsc.org> accessed 20051123

²⁰ <http://www.aseansec.org/18104.htm> accessed 20060211.

²¹ China’s Peaceful Development Road
<http://www.china.org.cn/english/2005/Dec/152669.htm> accessed 20060115

²² Assessment charts <http://www.globalpolicy.org/finance/assessedlarge05.htm>;
<http://www.globalpolicy.org/finance/tables/reg-budget/assessedlarge04.htm> accessed 20060129

²³ Peter S. Goodman, *Foreign Currency Piles Up in China*, Washington Post Foreign Service, 17 January 2006; D01, http://www.washingtonpost.com/wp-dyn/content/article/2006/01/16/AR2006011600450_pf.html accessed 20060117

Thirty years ago Deng Xiaoping came to the UN with a firm belief, in the face of all objective evidence, that China had the potential to return to great power status. He was a pragmatist with a skeptical view of the efficacy of the UN as a normative order and few expectations that the UN would serve as a practical instrument of Chinese policy. Yet he also saw the UN Charter as a source of universal legal and moral authority and multilateral diplomacy as an opportunity for the PRC regime to be seen both at home and abroad in the conduct of the rituals of power that manifest the legitimacy of the mandate of heaven. With the legal power of the veto and the political power of a loose coalition of "Like Minded" and "developing countries," the UN provides a symbolic puppet show to distract the crowd as the Chinese manage the puppets one by one in a complex web of economic, political, military and cultural bilateral relationships designed to give the Chinese maxim leverage on a case by case basis.

Mr. ROHRABACHER. That is an interesting insight into their current activities and maneuvers that are going on.

The next witness is Mr. Alan Tonelson, a research fellow with the U.S. Business and Industry Council Educational Foundation in Washington, DC. He is a Research Associate at George Washington University Center for International Science and Technology Policy, and a winner of the Henry L. Stimson Center Visiting Fellowship in China, which was just in 2002.

So if we could proceed, and again, summarize your testimony, we would appreciate that. You need to turn on that microphone, and get it close to your mouth.

**STATEMENT OF MR. ALAN TONELSON, RESEARCH FELLOW,
U.S. BUSINESS AND INDUSTRY COUNCIL EDUCATIONAL
FOUNDATION**

Mr. TONELSON. Good afternoon, Mr. Chairman, and good afternoon, Congressman Delahunt.

On behalf of the U.S. Business and Industry Council—a national business organization made up of about 1,000 mainly small- and medium-sized United States manufacturing companies, domestic manufacturing companies, that want to make their products here, and not in places like China. Thank you for the opportunity to testify today on Chinese influence on United States foreign policy through the operations of various U.S. institutions working in Washington, primarily.

My testimony focuses on the role of U.S. multinational corporations. Now, of course, business interests of all types have sought to influence American public policymaking since the founding of the Republic, in both lawful and sometimes unlawful ways. And in the interest of truth in advertising, the U.S. Business and Industry Council is one such organization, although of course we stick strictly to legal means.

I will focus on the role of United States multinational corporations because their China-related activities raise at least three issues that should be of special concern to the U.S. Congress, and in fact to the American people as a whole.

The first is their tendency, and it is showing signs of growing, to represent not only their own concerns to American policymakers, but China's concerns. That is something new.

The second is their growing tendency to offer advice on a wide range of non-economic and non-business issues, including even national security, along with the U.S. Congress' rather puzzling tend-

ency to take these views seriously, even though they clearly fall outside the range of most multinational companies' expertise.

The third issue is the multinationals' increasing use of ostensibly independent research institutes—of course, commonly known as think tanks—that they heavily fund, largely to dress up their own self-interested analyses of United States/China policy to look like disinterested academic analysis.

This final trend in particular, the frequent use of high-profile think tanks like the Council on Foreign Relations, the Brookings Institution, the Heritage Foundation, and so many others to convey parochial corporate interests and parochial corporate messages has profoundly shaped the terms of our country's national debate on China. It has propagated a series of myths that should, at the least, be much more controversial than they are right now.

We have touched earlier in these hearings on two of them. One is the myth that more economic engagement with China of the type that we are involved with now will inevitably, however slowly, however many years it will take, lead to China's liberalization politically.

The second myth is something I hope that we will pay more attention to here, but that I also hope the entire U.S. Government will start to pay much more attention to. And that is the idea that American military policy and American economic policy toward China should have nothing to do with each other, whatever; they are completely unrelated, and should be unrelated, and should be dealt with in highly compartmentalized ways. This is a very important myth that has been driving United States/China policy for a long, long time and needs to be thoroughly reexamined.

My full statement to the Subcommittee cites two recent examples of clear-cut multinational corporation acknowledgements that business groups recently have been lobbying on China's behalf. Again, not on their own behalf, not on the behalf of Motorola or Boeing or Microsoft or the aerospace industry, but on China's behalf.

The first comes from no less than Robert Kapp, former head of the U.S./China Business Council, which has, of course, coordinated so much recent business lobbying on China. Mr. Kapp told *Bloomberg News* that the lobbying activities of organizations like his help to specifically shield China from adverse publicity. He told *Bloomberg News* once again, "If China spent a lot of money on expensive K Street lobbyists, they would get hammered and beaten to a pulp for trying to buy congressional favor." Well, he is right.

The second example comes from a Myron Brilliant of the U.S. Chamber of Commerce, who told the press in 2003 that chamber member companies worked with Chinese Embassy officials in Washington to ensure that Chinese views were "being heard on Capitol Hill" in the wake of the accidental bombing of the Chinese Embassy in Belgrade in 1999.

Now, since I completed my testimony late last year, it has become clear to me, and I hope it is equally clear to you, that Congress must, at the very least, require these companies and business groups when they engage in such activities to register as agents of the Chinese Government, as is mandated by the Foreign Agents Registration Act.

Obviously, many think-tank specialists do offer analyses and advice with the very best of intentions. But far too often, even material from truly independent-minded sources owes its very existence to narrower corporate interests, and even more often it is utilized solely to advance private agendas. The result is nothing less than an intellectual version of money laundering.

My examination of the annual reports of think tanks and other publicly-available information on them, which is presented in great detail in my written statement, leaves no doubt that multinationals are spending more than ever before on these institutions. Indeed, corporations with major China business interests are increasingly creating entire China programs at think tanks, and funding the hiring of staffers with China-related responsibilities. And in keeping with the disinterested academic veneer that corporate funders obviously value so highly, many of these staffers occupy endowed chairs, just like at a real university.

Congress obviously should continue to solicit views on China and other issues from all relevant sectors of society. But Congress must be much more careful about soliciting the views of multinational companies on non-economic and non-business issues.

Congress must also do a much better job of remembering that the first obligation of these companies, by law, is not to make the United States as such stronger, safer, or even more prosperous. By law, their first obligation is enriching their shareholders.

Concerning testimony and advice from think tank analysts, Congress should do a much better job of requiring truth in advertising. Witnesses from think tanks and other research organizations should be required to state whether they are funded by entities with significant parochial stakes in the subject under discussion, on China or anything else.

When policymakers allow corporations to lobby in an unfettered, unmonitored manner for foreign government and other interests, when they encourage corporate views to intrude, and even to dominate, in areas where they are not even appropriate, and when they allow corporations to launder their special pleadings through the scholarly trappings provided by think tanks, the public interest can be gravely damaged. Nowhere has this been more true than in America's China policy.

I commend you all for investigating this very important subject, and very much hope that this hearing will begin the process of solving this serious problem.

Thank you so much.

[The prepared statement of Mr. Tonelson follows:]

PREPARED STATEMENT OF MR. ALAN TONELSON, RESEARCH FELLOW, U.S. BUSINESS AND INDUSTRY COUNCIL EDUCATIONAL FOUNDATION

Good afternoon Mr. Chairman and members of the Subcommittee. My name is Alan Tonelson, and I am a Research Fellow at the U.S. Business and Industry Council Educational Foundation. The Foundation is the research arm of the U.S. Business and Industry Council, a national business organization comprised mainly of small and medium-sized domestic manufacturers. On behalf of the Council and the Foundation, thank you for the opportunity to testify today on Chinese influence on U.S. foreign policy through various U.S. institutions.

Since 1933, USBIC has championed policies that we believe serve the interests of our roughly 1,000 member companies, who are primarily domestic manufacturers, and the nation at large—ensuring that the United States retains at home a manu-

facturing base capable of safeguarding our national security and ensuring broad-based, solidly grounded prosperity.

My testimony will focus on the role of U.S. multinational companies. Business interests of all types have sought to influence American public policy-making since the founding of the Republic—in both lawful and unlawful ways. Today, advancing business perspectives on public issues has grown into a major industry here in Washington and wherever political power can be found in America on the state and local level. In the interests of truth in advertising, the U.S. Business and Industry Council is one such organization.

The explosive growth and systematic organization of business lobbying in Washington, in particular, has become a great concern for many Americans. As a result, it has attracted Congress' attention in the form of efforts to regulate campaign financing, and to require some public disclosure of lobbying activities. Yet because such proposals affect such fundamental issues as free speech and the role of money in politics, they have understandably generated major controversies.

One relatively new development on the business lobbying scene, however, that should deeply concern all Americans and their leaders is the growing tendency of American business interests to represent foreign concerns in the nation's capital—a development that has emerged alongside increasingly common efforts by these foreign interests themselves to participate in American politics and governance in ways that would not be available to Americans in their own countries. Unquestionably, one of the main foreign beneficiaries of this new form of American corporate lobbying has been the People's Republic of China.

Foreign lobbying in Washington generally has grown apace with the expanding role played by the American people and U.S.-owned companies in international trade and commerce—as producers, consumers, warehousers, distributors, borrowers, lenders, advertisers, and so many other capacities. Given the rapidly growing relative importance of U.S.-China economic relations, the level of business lobbying on China's behalf should be no surprise.

Nonetheless, given the range of not only economic but also national security interests at stake in America's relations with China (including in economic relations); given the importance of areas where the U.S. and Chinese diplomatic agendas do not coincide; and given the great uncertainties surrounding China's geopolitical future, business lobbying for China and the influence it creates in Beijing needs greater attention from the U.S. government.

China today influences U.S. policy through a variety of institutions and networks. Recently, Beijing has attracted attention by greatly expanding its use of dedicated Washington lobbying firms—companies with non-business as well as business clients.¹ But two other ways of participating in American politics and policy remain more important by orders of magnitude. The first entails use of the capital's galaxy of business groups—usually comprised of or controlled by the multinational corporations that not only trade so extensively with China, but that invest heavily in the People's Republic as well. The second entails these companies' use of the plethora of policy research institutes that can be found in Washington (and New York) that they have been funding increasingly heavily.

Each of these types of Washington players has enabled China to achieve a critically important goal. The business groups that have directly lobbied so hard, so lavishly—and so successfully—for expanded trade with China have become a powerful force that Beijing can now count on to advance specific legislative and policy agendas—even when they are deeply unpopular with the American people. The battles in Congress starting in the 1990s over China's trade status have been leading examples. So are today's battles over the valuation of China's currency.

The think tanks have promoted China's interests in Washington by helping to shape the terms of America's national debate on China policy, and by greatly influencing perceptions of what subjects are legitimate to raise in this debate, and what subjects are out of bounds.

The business lobby groups in particular make extensive use of money and simple political muscle to advance their aims. Yet along with the think tanks, they have also depended on and exploited the power of information—especially information selectively released. Indeed, one of the most important strengths that American companies bring to their China activities is the near-monopoly they enjoy on the most important information bearing on bilateral economic relations—how much produc-

¹For an excellent summary of China's resort to traditional Washington lobbying firms, see Marina Walker Guevera and Bob Williams, *China Steps Up Its Lobbying Game: The Chinese government is hiring the best of the best to advance its agenda*, The Center for Public Integrity, Washington, D.C., September 13, 2005, <http://www.publicintegrity.org/lobby/report.aspx?aid=734>

tion and what kinds of technology are they transferring from the United States to China, and how many American jobs have been displaced in the process.

As a result, both the business groups proper and the think tanks have succeeded in propagating several critical beliefs about U.S.-China relations that, in my view, clash violently with reality, and thus undermine the formulation of effective China policies. The most important of these China myths (which are not necessarily logically consistent) include:

- The view that the United States can and should strictly compartmentalize its China economic policy-making and its China security policy-making. In particular, the tremendous flow of hard currency and advanced technology channeled to China by current trade and investment policies has been deemed completely irrelevant to the ongoing Chinese military buildup that has elicited such concern from the Defense Department recently.²

The significance of this compartmentalization cannot be overestimated. The relationships between economic policy and strength on the one hand, and national security policy and military strength on the other, will dramatically affect the future Sino-American balance of power—arguably the preeminent China concern for American policy-makers. Yet because they have been deemed unrelated, these relationships are rarely even discussed in policy circles.

- The view that continuing with such trade and investment policies will liberalize China politically and economically, and pacify it diplomatically.
- The view that U.S. export controls are largely to blame for the nation's relatively unimpressive export performance vis-a-vis China. If these controls were significantly eased, the New China Lobby insists, U.S. exports would skyrocket.
- The view that export controls and other unilateral economic sanctions are ineffective and even counter-productive, because they cover goods and technology that many other countries are happily selling to China. In addition, the Lobby has convinced many policymakers and opinion leaders that the United States is completely powerless to remedy this situation on its own.
- The view that China is rapidly opening up its domestic market to U.S. products and services—and indeed is rapidly liberalizing its economy across the board.
- The view that most U.S. direct investment has been serving a rapidly growing Chinese consumer market, and thus creates many more and better jobs for Americans than it displaces.
- The view that most of what China sells to the United States consists of cheap, labor-intensive consumer goods that generate jobs few Americans want.

The principal business interests and coalitions that have been carrying China's water in Washington are by now well known. They include the Washington offices of most individual members of the Fortune 500; specific industry associations ranging from the National Association of Manufacturers to the Information Technology Association of America; economy-wide business groups like the U.S. Chamber of Commerce, the Business Roundtable, and the National Foreign Trade Council; and more China-oriented organizations such as the U.S.-China Business Council.

Less well known is how effective these groups have been, not only in promoting an economic agenda that has greatly empowered and enriched China, but in turning this agenda into the centerpiece of U.S.-China policy, to the point at which it completely dominates non-economic concerns like national security.

James Sasser, former Democratic Senator from Tennessee and former U.S. Ambassador to China, has observed that "The Chinese really don't do any lobbying. The heavy lifting is done by the American business community." These efforts not only save the Chinese government money. According to Robert Kapp, former head of the U.S.-China Business Council, they help shield China from potentially adverse publicity. As Kapp told Bloomberg news in 2003, "If China spent a lot of money on expensive K Street lobbyists, they would get hammered and beaten to a pulp for trying to buy Congressional favor."³

²The latest authoritative expression of concern is found in *Quadrennial Defense Review Report*, U.S. Department of Defense, Washington, D.C., February 6, 2006, <http://www.defenselink.mil/qdr/report/Report20060203.pdf>, especially pp. 29–30.

³Both Sasser and Kapp quotes appear in "China Lobbies U.S. on the Cheap, Aided by Boeing, Ford, Chamber," by Paul Basken and Michael Forsythe, Bloomberg News, December 9, 2003.

Just how heavy the corporate lobbying has been is indicated by a few facts and figures from one of the recent debates over extending China's Most Favored Nation (later called Normal Trade) status.

At the outset of the MFN struggle in 1996, the corporate China lobby appeared to face a major challenge. Not only had China already established itself as a predatory trader and a brutal violator of human rights. Three months before the vote, Beijing sought to cow Taiwan by firing missiles into local waters before a key election. Moreover, press reports were repeatedly describing Chinese sales of nuclear technology to Pakistan.

Yet in the year before the vote, the Lobby had provided \$20 million in PAC money to House and Senate candidates. The U.S. Chamber of Commerce mobilized 200 state and local chambers for the trade fight, and covered Capitol Hill with representatives from 40 member companies. Meanwhile, the National Association of Manufacturers tasked its ten regional offices to pressure legislators at the state and local level. The pro-MFN forces won the critical June 27 vote in the House by a whopping 286–141.⁴

In 2000, when Congress voted on granting China Permanent Normal Trade Status (and paved the way for China's entry into the World Trade Organization), the nonpartisan Center for Responsive Politics reported that Business Roundtable members contributed \$58 million in soft money to national campaigns during that election cycle. Business Roundtable members and other multinational business groups spent nearly \$20 million on advertising during the PNTR fight. According to a New York Times report, the battle was corporate America's "costliest legislative campaign ever."⁵

Also especially noteworthy about these corporate efforts, moreover, was how often and freely they strayed from traditional commercial issues. Multinational lobbyists, for example, suddenly became political scientists and foreign policy experts, and regularly expounded on how expanded trade would foster democracy in China. These arguments were repeated by Members of Congress during the debate.

U.S. Chamber of Commerce President Thomas J. Donohue even passed himself off as an authority on national security issues during the PNTR controversy, even though he possesses no professional credentials in this area. In the spring of 2000, a bill was introduced by former Senators Fred Thompson and Robert Torricelli that would have sanctioned China for violating nonproliferation agreements and U.S. export control laws. The measure clearly threatened the passage of PNTR, and Donohue and his colleagues fretted that it would spark a wider crisis in U.S.-China trade relations. The Chamber President proceeded to publish an op-ed article in *The Washington Post* declaring the Thompson bill to be "unnecessary" because the "president has ample legal authority" to act on this front and U.S. nonproliferation laws "have been strictly enforced."⁶

Of course, Donohue has a right to his opinion, just like anyone else. Why the *Post*—which also strongly backed PNTR—considered it worthy of any attention is unclear at best.

The year before, the U.S. Chamber of Commerce acted to represent Chinese positions in Washington following the accidental bombing of the Chinese embassy in Belgrade by a U.S. warplane. According to Myron Brilliant, the Chamber's vice president for Asia, the Chamber held a series of regular meetings between U.S. corporate executives and Chinese embassy officials aimed at ensuring that Chinese perspectives reached Members of Congress. The Embassy "was very concerned that their messages were not being heard on Capitol Hill. We want to communicate their message and share notes," Brilliant told Bloomberg News in 2003.⁷

In this instance, the Chamber clearly went beyond its standard role of lobbying for policies that benefit both its members' economic interests and China's economic interests. It had become an agent of the Chinese government on a matter of national security with no direct implications for business at all.

More recently, business lobbyists stuck their noses into national security matters during the House's consideration of H.R. 3100. This East Asia Security Act, intro-

⁴"The New China Lobby," by Robert Dreyfuss, *The American Prospect* 8 No. 30, January 1, 1997–February 1, 1997, online at <http://www.prospect.org/print-friendly/print/V8/30/dreyfuss-r.html>

⁵This information about the PNTR lobbying campaign is found in "Statement of U.S. Senator Russ Feingold On Permanent Normal Trade Relations With China," *Congressional Record* 146 No. 102, 106th Congress, Second Session, September 6, 2000, online at <http://www.senate.gov/?feingold/speeches/senflr/pntr.html>

⁶"A Counterproductive Approach to China; Unilateral sanctions not only don't work, they anger our allies and undermine American jobs," by Thomas J. Donahue, *The Washington Post*, July 10, 2000

⁷"China Lobbies U.S. on the Cheap," *op. cit.*

duced by International Relations Committee Chairman Henry Hyde, would have sanctioned European companies that sell arms to China. Although the bill passed by 215–203, according to the Associated Press, business lobbying denied it the two-thirds margin needed to pass on the suspension calendar, a procedure usually reserved for non-controversial bills. In the AP's words: "Earlier during the roll call, more than 300 members had registered yes votes, but several lawmakers said people started changing votes after learning of opposition from the business community."⁸

Comparatively little attention, however, has been paid to the concerted business effort to influence American perceptions of China and debates on China policy by funding policy research. Yet as former Century Foundation Fellow David Callahan has written, "The third river of private money flowing into politics is less well known, but nearly as wide and deep as the other two [direct lobbying and financing campaigns]. It is the money which underwrites a vast network of public-policy think tanks and advocacy groups."⁹

Supporting think tanks enables businesses to convey their views through published articles, broadcast interviews, meetings with public officials, conferences, and many other vehicles. But by working through think tanks, the companies ensure that these opinions are viewed not as the selfish pleadings of rapacious businessmen, but as the objective, even scholarly analyses of the academics and quasi-academics on think tank staffs. The system resembles an intellectual version of money laundering.

Of course, many think tank specialists are genuine scholars or veteran public officials who are offering their analysis and advice with the best of intentions. Many have greatly augmented Americans' understanding of such subjects and provided valuable advice and information to policy-makers. But far too often, even material from truly independent-minded sources owes its existence to narrower private interests, and even more often, it is utilized solely to advance private agendas.

Moreover, there can be no doubt that multinational companies—including financial services firms and agri-business companies as well as manufacturers—not only are spending more than ever before on think tanks. The Carnegie Endowment for International Peace does not provide specifics, but does acknowledge the growing importance of outside funding sources and lists several multinationals on its list of major funders, including Boeing, AIG, Citigroup, General Electric, and Warburg Pincus.¹⁰

Corporate memberships have contributed slightly more than 17 percent, or \$5.5 million, of the Council on Foreign Relations' revenues in 2005—up more than 24 percent from 2004. According to the latest American Enterprise Institute annual report, corporations contributed 23 percent of the organization's \$24.4 million in 2003 revenue. For the Center for Strategic and International Studies, the 2004 figure was even higher—34 percent.¹¹

The sheer number of multinational corporations supporting think tanks provides another indicator of their importance as a funding source. The Council on Foreign Relations has drawn heavily on the corporate sector throughout its long history, and today lists literally hundreds of the world's largest companies—from other countries as well as the United States—as funders, especially at the top levels of "President's Circle" (whose members donate \$50,000 or more annually to the organization) and "Premium" (\$25,000-plus annual contributions). Among the benefits of President's Circle membership in the Council's Corporate Program: "Invitations to two or three small private dinners each year with world leaders" and "A special invitation for

⁸See "House rejects bill aimed at stopping Europe sales of arms to China," Associated Press, *International Herald Tribune*, July 15, 2005, online at <http://www.iht.com/articles/2005/07/14/news/arms.php>

⁹Quoted in "Who Bought Off the Think Tanks?" by Michael Rust, *Insight on the News*, November 19, 2001

¹⁰See "About the Endowment: Funding," Carnegie Endowment for International Peace, 2005, <http://www.carnegieendowment.org/about/index.cfm?fa=funding> and "History," Carnegie Endowment for International Peace, 2006 <http://www.carnegieendowment.org/about/index.cfm?fa=history>

¹¹Calculated from "Statement of Activities," *2005 Annual Report of the Council on Foreign Relations*, The Council on Foreign Relations, New York, N.Y., p. 75, online at <http://www.cfr.org/about/annual-report/>; "Finances," *2005 Annual Report*, American Enterprise Institute for Public Policy Research, Washington, D.C., p. 37, online at http://www.aei.org/docLib/20051213_AnnualReport.pdf; and "CSIS Financial Information," CSIS, The Center for Strategic and International Studies, Washington, D.C., p. 22, online at http://www.csis.org/media/csis/pubs/annual_report_05.pdf

a company executive to participate in at least one Council-sponsored high-level trip," which typically includes meetings with senior foreign government policy-makers.¹²

Brookings' list of large corporate funders is almost as impressive. At its \$500,000 annual level can be found Richard C. Blum, a California-based investment banker and his wife, Democratic Senator Dianne Feinstein. Both ran into conflict of interest charges in 1997 when The Los Angeles Times reported that his extensive dealings with China stood to benefit greatly from Senator Feinstein's wife's outspoken advocacy of expanded trade with China. In response, Blum agreed to donate to charity all the earnings from his China investments. Blum's China projects since have included purchase of a large stake in a Chinese bank. In the \$250,000 to \$499,000 annual category of Brookings donors appears the U.S. Chamber of Commerce itself. Contributing between \$100,000 and \$249,000 annually to Brookings are Daimler Chrysler, Exxon Mobil, and the Property-Casualty CEO Roundtable, all of which have major China business interests. Other significant corporate donors to Brookings that are significant economic players in China include AT&T, Pfizer, Honda America, Boeing, BP America, Caterpillar, Citigroup, Itochu International, Matsushita, Kodak, and Dow Chemical.¹³ Pfizer and UPS are listed among the Heritage Foundation's "Premier Associates"—its top total funding category. At the next level down—"Executive Associates"—are Altria, Boeing, and GM, while "Associates" include Chevron Texaco, Ford, Glaxo SmithKline, Honda North America, Johnson & Johnson, Lockheed Martin, and Merrill Lynch. Again, all these companies are big forces in U.S.-China trade and investment, or want to be.¹⁴

Yet even these facts and figures can conceal the full extent of business-related think tank funding. For example, the Heritage Foundation states that only 6.1 percent of its 2004 revenues came from corporations. Yet many of the foundations, which supplied 26 percent of Heritage's 2004 funding, are corporate-related, such as the William E. Simon Foundation and the Bristol-Myers Squibb Foundation. The same holds for the GE Foundation, the JP Morgan Chase Foundation, the American Express Foundation, the Bank of America Foundation, and the numerous other corporate foundations that contribute to the Brookings Institution, as well as the multi-billion dollar Starr Foundation, named after a founder of AIG. Starr is listed as a major contributor to the Carnegie Endowment as well.¹⁵

Corporate luminaries—many of whom in previous incarnations were senior U.S. government officials with major China responsibilities—fill the Boards of think tanks as well. The Council on Foreign Relations boasts Chairman Peter G. Peterson, a former Commerce Secretary and founder of The Blackstone Group; former U.S. Trade Representative Carla M. Hills, now a trade consultant; former Treasury Secretary and Citibank Vice Chairman Robert Rubin; Charlene Barshefsky, another former U.S. Trade Representative now lawyering in Washington; Time-Warner's Jeffrey Bewkes; former Under Secretary of State and Boeing Senior Vice President Thomas Pickering; and Maurice "Hank" Greenberg, former Chairman and CEO of AIG, former Chairman of the U.S.-China Business Council, and current Chairman of CV Starr & Co. and the Starr Foundation.¹⁶

The Brookings Institution contains James Cicconi of SBC; two representatives from O'Melveny & Meyers, a Los Angeles-based law firm with a major practice in China; Larry D. Thompson Pepsico (whose Kentucky Fried Chicken unit dominates the foreign-owned fast food sector in China); James Robinson of Bristol-Myers Squibb, and Vernon Jordan of the Washington law and lobbying firm of Akin Gump—which recently lobbied directly for Chinese government-controlled China National Offshore Oil Corporation's unsuccessful bid to take over U.S. oil company Unocal. Brookings' Board also features three representatives from Goldman Sachs, which is avidly seeking new financial service opportunities in China. One of those representatives is John Thornton, Brookings' new Board Chairman, a former President and Co-COO of Goldman Sachs who is still listed as a senior advisor to the

¹²"Corporate Program," *2005 Annual Report of The Council on Foreign Relations*, *op. cit.*, pp. 45–47.

¹³"Honor Roll of Contributors," *Annual Report 2004, The Brookings Institution*, The Brookings Institution, Washington, D.C., pp. 39–40; "Feinstein, husband hold strong China connections," by Glenn F. Bunting et al., *The Los Angeles Times*, March 28, 1997; "Barefoot' Banker Strikes Gold," by Michael Schuman, *Time*, March 28, 2005.

¹⁴"2004 Heritage Foundation Associates," *The Heritage Foundation: 2004 Annual Report*, The Heritage Foundation, Washington, D.C., pp. 24–25, online at <http://www.heritage.org/About/load-er.cfm?url=/commonspot/security/getfile.cfm&PageID=79003>

¹⁵"2004 Finances" and "2004 Heritage Foundation Associates," both *Ibid.*, pp. 28, 24–25; "About the Endowment: Funding," *op. cit.*

¹⁶"Board of Directors," The Council on Foreign Relations, http://www.cfr.org/about/people/board_of_directors.html

firm, and who is the personal bankroller of a new \$5 million China Initiative at Brookings.¹⁷

The Institute for International Economics, Washington's most prominent think tank devoted to the global economy, lists on its Board Hills and Greenberg, plus David Rockefeller, United Technologies Chairman George David, Karen Katen of Pfizer, James Owens of Caterpillar, David O'Reilly of Chevron Texaco, and Edwin Whitacre of SBC.¹⁸

The more conservative think tanks have also assembled Boards full of corporate notables. On the CSIS Board can be found Hills, David Rubenstein of the Carlyle Group (also a Board Member at the Council on Foreign Relations), Rex Tillerson of Exxon Mobil, and Neville Isdell of Coca Cola, along with Pickering, who serves as a "Distinguished Senior Advisor." AEI has recruited Lee Raymond of Exxon Mobil, Raymond Gilmartin of Merck, William Stavropoulos of Dow Chemical, and Kevin Rollins of Dell—which procures most of its PC parts from Taiwan and China.¹⁹

The CSIS Board, however, cannot be fully understood without recognizing what might be called "The Kissinger Effect." Its members include the former Secretary of State, former National Security Advisor Brent Scowcroft, and former Defense Secretary William Cohen. All three have begun corporate consulting companies since leaving public life, and Kissinger and Scowcroft rely heavily on China-related business.²⁰

The Heritage Foundation's Board contains Microsoft Vice President Robert Herbold, and its Asian Studies Center Advisory Council is headed by trade consultant and former Commerce Secretary Barbara Franklin. Her bio specifies that "her historic mission to China in 1992, normalized commercial relations with that country and removed one of the sanctions—the ban on ministerial contact—that the U.S. had imposed following the Tiananmen Square uprising in 1989." Franklin also currently serves as Vice Chair of the U.S.-China Business Council.²¹

More evidence of the corporations' think tank activities pertaining to China comes from their practice of supporting researchers with responsibilities relating to China or related fields. For example, at CSIS, former Kissinger & Associates executive Erik Peterson holds the William A. Schreyer Chair in Global Analysis. From this position, he also heads the "Seven Revolutions" team, which is identifying and analyzing "the driving forces of change shaping seven" of the world's major geopolitical regions, including East Asia. The chair is supported by the Chairman Emeritus of Merrill Lynch. China specialist Bates Gill, meanwhile, occupies the Freeman Chair in China Studies, which memorializes Houghton Freeman, son of another one of the founders of AIG.²²

Endowing such chairs—or fellowships—is popular with corporate funders—perhaps in part because the terms reinforce the impression of dispassionate academic inquiry. No one uses the form more than the Council on Foreign Relations. James Lindsay, its Vice President and Director of Studies, holds the Maurice R. Greenberg Chair, named after the former AIG Chairman and CEO. Elizabeth C. Economy is the Council's C.V. Starr Senior Fellow for Asian Studies—named after the foundation Greenberg controls—and Adam Segal is the Maurice R. Greenberg Senior Fellow in China Studies.²³

But Greenberg is not the only such active donor to the Council. David Braunschvig holds the Bernard L. Schwartz Senior Fellowship for Business and Foreign Policy. The position is named after the aerospace executive whose Loral corporation reached a \$20 million settlement with the State Department stemming from its admitted transfer to China of information relating to missile launches, and who was accused during the Clinton years of donating to Democratic campaigns in exchange for obtaining waivers of U.S. export control laws for satellite launch deals

¹⁷"About Brookings: Brookings Board of Trustees," <http://www.brookings.edu/ea/trustees.htm>; *China Steps Up Its Lobbying Game*, *op. cit.*; "Combined Individual/Foundation/Corporate Gifts," *Annual Report 2004, The Brookings Institution*, *op. cit.*, p. 36

¹⁸"About IIE: Board of Directors," <http://www.iie.com/institute/board.cfm>

¹⁹"About CSIS: Board of Trustees," <http://csis.org/about/trustees/>; "About AEI: Trustees, Officers, and Advisers," http://www.aei.org/about/filter_.contentID.20038142214500073/default.asp

²⁰"About CSIS," *op. cit.*

²¹"About the Heritage Foundation: Board of Trustees," <http://www.heritage.org/About/Departments/trustees.cfm>; "About Staff: Barbara Hackman Franklin," <http://www.heritage.org/About/Staff/Barbara>

<http://www.heritage.org/About/Staff/BarbaraFranklin.cfm>

²²"Experts: Erik R. Peterson," http://www.csis.org/component/option,com_csis_experts/task.view/type,34/id,73/; "Seven Futures," <http://www.7revs.org/>

²³"Named Chairs, Fellowships, and Lectureships," *2005 Annual Report of The Council on Foreign Relations*, *op. cit.*, p. 52

with the Chinese. Schwartz also funds a Council lecture series on “Business and Foreign Policy.”²⁴

At the Institute for International Economics, Asia and global finance specialist Morris Goldstein holds a fellowship endowed by former J.P. Morgan Chairman and CEO Dennis Weatherstone, and Gary C. Hufbauer, a prominent advocate of new trade agreements with China and other countries, and a leading opponent of using economic sanctions in U.S. trade or foreign policy, is the Reginald Jones Senior Fellow, named after the late CEO of GE.²⁵

Although concrete examples of corporate funders pressuring think tanks to slant any research are exceedingly difficult to find, occasionally they break into the news. One China-related instance came in May, 2000. According to a Washington Post report, Maurice Greenberg threatened to cut off the Starr Foundation’s support for the Heritage Foundation after analyst Stephen Yates published a paper suggesting that Congress postpone the China PNTR vote until Washington took several measures to strengthen U.S. security policies towards China.

Heritage President Edwin J. Feulner did not deny the claim when interviewed. Two months later, Yates—who did deny receiving any pressure from Feulner to change his views—and a colleague published a new paper titled, “How Trade With China Benefits Americans.” None of the first paper’s hard-line PNTR conditions were mentioned.²⁶

It is true, as Feulner has observed, that Heritage consistently has supported expanded trade with China despite its history of often fierce opposition to the People’s Republic. But it is also true that in recent years, with the rapid expansion of bilateral trade and investment, the tension between viewing China as a possible military foe on the one hand and a promising economic partner on the other has increased exponentially. And despite their repeated warnings about the security challenges posed by Beijing already, it is also true that Heritage analysts never have questioned a U.S. trade policy that has showered this potentially dangerous China with literally hundreds of billions of dollars worth of hard currency, along with much advanced militarily relevant technology.

I personally witnessed corporate pressure for vigorous trade expansion with China as Research Director and then Fellow of the Economic Strategy Institute during the early and mid-1990s. ESI’s corporate sponsors—which included Motorola, Intel, Chrysler, Corning, TRW, Honeywell, Texas Instruments, and AIG—were never shy about making clear to staff their views on China and other major trade policy issues. Just as important, however, it was understood clearly by staff that opposing any major funder on any significant issue could lead that company to withdraw its support.

Indeed, this last point is one of the most important to emphasize about how corporations wield their power through think tanks. The quid pro quos inherent in the relationship between funder and recipient are obvious to all. They require no explanation. Researchers and other staff advance the interests of their supporters almost instinctively. And when questions arise about specific strategies and tactics, or about possible new initiatives, they seek the funders’ input just as instinctively.

Business groups of course have every right to relate their views to U.S. officials and seek to influence American policy in every area. But two aspects of business lobbying that promotes Chinese interests pose particular problems for Congress and require a more vigorous response. The first concerns the business groups’ practice of speaking out on non-business issues—a practice clearly made more effective by the hiring of former government officials with expertise ranging beyond economics. Boeing’s hiring of former Under Secretary of State Thomas Pickering is clear example.

Congress must view such efforts much more skeptically than at present. Especially in the case of public companies—and I should point out here that virtually all of the companies belong to my organization are privately held—Members of Congress must keep in mind that the overriding obligation of their representatives is not to make the United States as such safer, stronger, or even more prosperous. Nor is their overriding obligation spreading democracy or even capitalism throughout

²⁴ Ibid., pp. 52, 54; “State Department accuses firms of violations,” Associated Press, January 1, 2003; “Big Donor Calls Favorable Treatment a ‘Coincidence,’” by Ruth Marcus and John Mintz, *The Washington Post*, May 25, 1998

²⁵ “Research staff: Morris Goldstein,” http://www.iiie.com/publications/author_bio.cfm?author_id=10; “Research Staff: Gary Clyde Hufbauer,” http://www.iiie.com/publications/author_bio.cfm?author_id=27. Weatherstone’s bio can be found at “IACS Foundation Names Two New Trustees,” Press Release, International Accounting standards Committee Foundation, December 20, 2002

²⁶ “A Benefactor Flexes His Wallet; After Report Threatens Funding, Heritage Issues a New One,” by Steven Mufson, *The Washington Post*, May 11, 2000

China or around the world. Their overriding obligation—according to law and regulation—is enriching their shareholders. Especially in the course of public hearings, Members of Congress should be much more careful about soliciting the views of these companies on non-economic and business issues. When such views are volunteered, Members should do a much better job of reminding each other and the public just where the first loyalties of these spokesmen lie.

The second challenge posed by multinational companies' China-related activities concerns their funding of policy research. Members of Congress have every right to seek the views of think tank analysts funded by business groups. I of course am one of them—although the connections between the Educational Foundation for which I work and the business group with which it is affiliated is obvious from its name.

But Members of Congress must do a much better job requiring truth in advertising. Witnesses from think tanks and other research and educational organizations should be required to state whether they are funded by entities—whether corporations, foundations, or individuals—with significant, parochial stakes in the subject under discussion.

Members must be especially mindful that, although the business origins of think tank funding may be well known to them and to other Washington insiders, these links often are not well known to the general public. If these institutional relationships are not actively brought to the surface, most citizens who read about Congressional hearings in the media or on-line, or watch them on C-SPAN, will have no way of fully judging the credibility of witnesses.

Where one stands on an issue does indeed tend to depend on where one sits. Multinational corporations have many valuable insights to provide to policymakers, and their views should be sought on a continuing basis. Moreover, what is good for General Motors, as its former chief famously said decades ago, often is good for the United States. But when policymakers encourage corporate views to intrude and even dominate in areas where they are not even appropriate, and when they allow corporations to launder their special pleading through the scholarly trappings provided by think tanks, the public interest can be gravely damaged.

Nowhere has this been more true than in America's China policy. I commend the subcommittee for investigating this subject, and very much hope that this hearing will begin the process of solving this serious problem.

Mr. ROHRABACHER. Well, thank you. We were listening to those suggestions. And don't be surprised if they turn up in some legislation.

Mr. TONELSON. I would be delighted.

Mr. ROHRABACHER. That might give us some good ideas here.

Next to testify is Mr. Ross Terrill. He is a China Specialist, Research Associate at Harvard's Fairbank Center for East Asian Research, and Visiting Associate Professor of Government at the University of Texas at Austin. He has a lot to say.

He wrote *800,000,000: The Real China, The Future of China: After Mao, Flowers on an Iron Tree: Five Cities of China* and the original edition of *Mao*. My staff has given me these. But a prolific writer, and a man who has certainly made the study of China his focus of his life. And we are very happy to have you with us here, Dr. Terrill, to add to this discussion.

If you could proceed. You have 5 minutes, and maybe a couple minutes more than that. And then we will go to a discussion.

**STATEMENT OF ROSS TERRILL, Ph.D., RESEARCH ASSOCIATE,
FAIRBANK CENTER FOR EAST ASIAN RESEARCH, HARVARD
UNIVERSITY**

Mr. TERRILL. Thank you, Chairman Rohrabacher, Congressman Delahunt. I am delighted to be with you.

Iraq is very important, China is very important. And in a few years when Iraq is a bit less important to us than it is now, China will, in one way or another, be getting more and more important.

Some of China's goals are quite reasonable: To protect its economic success, to deal with 14 abutting neighbors plus four more a short distance across the water. But two of its goals—controlling its own people at home, especially in border areas with foreign countries, and trying to reduce American influence in East Asia—are more problematic. And they use methods here which are not always well understood by the American people.

On the first point, China's Korean policy, China's Central Asian policy, China's policy with South Asia, is heavily determined by how they are going to control the Korean minority in Northeast China, and the Muslims in Xinjiang and Tibet. And so alternative solutions, say alternative to propping up North Korea, that may involve more freedom for the people involved, are rejected by China because of fear of its control at home.

Now, on the goal of reducing American influence, I believe, as has previously been said by two or three others, that China hopes to replace the United States and Japan as the chief influence in East Asia. On some global issues where American and Chinese issues overlap, they agree with us, they support us, or they don't oppose us strongly. That was true of the first Gulf War.

But lately in East Asia they have been seeking to exclude the United States. They try to drive a wedge between us and Japan. They whisper in Australian ears that Australia should just look to Asia and forget about Uncle Sam.

And now China is seeking in East Asia a community organization that lacks the United States, and that has Japan to the fore only if Japan behaves as Beijing thinks it should.

A major method China uses to pursue this goal is to manipulate news and views about China and the world, both within China and beyond. In the Chinese State, Mr. Chairman, truth is presumed to come from the same source as power. And so there is one philosophic orthodoxy as well as one power center. The source of power and the source of purported truth in Beijing is the same; it is the party state of the Chinese Communist Party.

So Chinese come to the United States, and they read scathing criticisms of President Bush in our press. But Americans go to China, and they never read a word of criticism of President Hu Jintao in *China Daily*.

As a result of this, when a foreign policy crisis occurs, we have a problem. In 1999, when NATO accidentally bombed the Chinese Embassy in Belgrade, the Chinese people were appalled. They had been led for weeks to believe that we were mauling the innocent Serbs, this was American imperialism, and so on. And when President Clinton apologized and NATO apologized, the Chinese people were not told of this. For 5 days they ran amok in the streets, and then it was broadcast that Mr. Clinton had apologized. The hose of protest had been turned on; it was suddenly turned off. This is the nature of the Chinese media.

A similar thing happened again in May 2001 when the airplane collision occurred near Hainan Island, between an EPR-3 of ours and a fighter jet of China's. The truth of the matter was not the point for the Chinese party system. The point of the matter was to exploit it, and then, when enough was enough and they got scared

that their exports to the United States might be affected, they turned the whole political charade off.

There is an asymmetry between the access and the atmosphere surrounding information in the United States and China. Some 100,000 Chinese students are on our campuses, and they have pretty full access to all our information. Far fewer American students are in China, and there are many, many materials there that they can't consult.

Hundreds of Americans who know a lot about China are pro-Beijing, and critical of United States/China policy. That is their right. But there is no equivalent in China of a community that criticizes China's America policy, or that praises anything that the United States does. This asymmetry eats away at the way in which the two governments are perceived in the world.

Time and again, our leaders have been promised in China that their remarks would be broadcast uncut, and they were not. This happened to President Clinton three times in 1998. In May 2004 it happened to Vice President Cheney. He gave a wonderful speech in Shanghai, and it had been promised it would be transmitted in full. But the passages about democracy, in fact, were cut out before it was transmitted.

At the level of individual academics and writers, China also practices a divide-and-rule policy that is troubling. One example: For years I have been writing pieces for the *National Geographic*. In the mid-1990s they asked me to write about the Three Gorges Dam Project, and I accepted.

A few months after the photographer and I began planning our work, China refused me a visa to go to the river and interview the people. The *National Geographic* had a problem. I couldn't write their article, but they wanted an article, naturally. Inevitably, they chose another writer, to whose views Beijing would have less objection. So Beijing wins a quiet victory. The article that was published was read by tens of millions of Americans who didn't know that Beijing had a role in who wrote that article.

Another Chinese method is to plant themes in American minds by endless repetition and subtle infiltration: "The United States is trying to hold China back." The Chinese language press is full of that theme. Well, taking 25 percent of China's exports is a strange way to hold them back. The press is full of the idea that Japan is Asia's biggest problem. In 50 years China has fought wars on all flanks. And in those 50 years, the Japanese army has not killed a single non-Japanese in combat.

There are a number of themes that are planted by China and find their way into American discussions that are troubling to me. I have mentioned just two of them.

It is true that China's behavior in this field of the international flow of information has improved, and I think it will improve further for reasons beyond the wishes of the Chinese Communist Party State. But as has been said, the regime is still Leninist. This hasn't been said, but I will say it: The regime is not a believer in Marxism any more, but it is Leninist. And Leninists are concerned with control and manipulation. And that is what I have tried to suggest today.

To conclude, what should our policy be? I happen to agree pretty much with our current China policy. It is to be wary of the Chinese authoritarian system, but to engage fully with the emerging China, the new society and the new economy. There is no contradiction between those two.

More concretely, on the theme of today, we should avoid wishful thinking about the nature of the Chinese State. President Clinton, while in office, twice said China was a former Communist country. That only sets us up for disillusion.

We should continue to be a beacon of freedom in our own conduct and rhetoric. We should be aware of the asymmetry in cultural exchanges. We should resist the Chinese divide-and-rule policy by a stance of solidarity with those whom Beijing singles out for exclusion. We should talk back to the Chinese Communist Party every time they mock the freedoms of the United States or deny the repression of their own rule.

I worry at times that authoritarian China has an advantage over us. They can hide what they don't want to see revealed. They have long-term plans that seem beyond us. They pull the strings of Chinese public opinion. They set the agenda of international organizations, while doing little about implementation. They win access to our society that far outstrips our access to theirs.

Yet ultimately an authoritarian regime is not strong. The average life span of the European Leninist regimes that collapsed 15 or 16 years ago was a few decades. The Chinese Communist regime is 57 years old, 17 years short of the life span of the Soviet Union, which was the longest-running authoritarian system in modern history.

We do not have the right to change the regime in China. Political change there will come by sources from within, and it may surprise us in its actual eventuality, as did the fall of the Soviet Union surprise most of us.

Democracies sound very raucous. But the United States and Australia, to take two examples, have been stable for a period now that runs into centuries. The oxygen of freedom prevents many evils. Our quarrel with the manipulation of news and views is not with Chinese culture, as the Chairman has said; it is not with Chinese people; it is with the Communist Party state. It manipulates because that was its political upbringing. It strokes the feathers of sycophants, and repels the independent spirit, because that is the Leninist way.

We can have confidence, as President Bush says, in freedom's ultimate spread. But we cannot overlook that the great civilization at the heart of Asia is at the moment headed by a regime that uses some methods that seek to undermine American power, and that stymies some of the finest traits of Chinese culture and the Chinese people.

Thank you.

[The prepared statement of Mr. Terrill follows:]

PREPARED STATEMENT OF ROSS TERRILL, PH.D., RESEARCH ASSOCIATE, FAIRBANK
CENTER FOR EAST ASIAN RESEARCH, HARVARD UNIVERSITY

Clarity about China's efforts to influence our foreign policy requires clarity about China's goals. Beijing's foreign policy seeks to maximize stability at home; sustain China's impressive economic growth; maintain peace in China's complicated geo-

graphic situation; “regain” territories that in many cases are disputed by others; and reduce U.S. influence in East Asia.

Three of these goals—protecting the economy, maintaining a peaceful environment, and “regaining” lost territories—are relatively transparent. China’s methods of pursuing them are conventional and often reasonable: military preparedness; diplomatic engagement; economic muscle; the soft power of China’s appeal as a respected civilization.

However the other two goals—control at home and blunting U.S. influence—are more problematic. They are not expressed directly by Beijing and they are often pursued by devious methods.

Insecure about domestic control, Beijing supports the status quo in North Korea and Central Asia, because alternative scenarios with greater freedom for the people involved might threaten Beijing’s hold on ethnic minorities in northeast China near the Korea border, and in Xinjiang on the borders of Uzbekistan and Tajikistan.

Again insecure at home, the Chinese Communist Party (CCP) treats any philosophic heterodoxy as a political threat. This happened in the case of Falungong, an organization of semi-Buddhist health and exercise practitioners, stemming from China but now international. Beijing made an unnecessary enemy of them—Falungong has no political program—and Chinese diplomats from Sydney to New York try to thwart Falungong’s international activities, interfering in democratic societies to do so.

China envisages replacing the U.S. (and Japan) as the chief influence in East Asia. On a few global issues where Chinese and American interests coincide, or Beijing cannot effectively resist U.S. policy, Beijing goes along with the U.S. or opposes Washington with a limp wrist. Such was the case with the first Gulf War. But in Asia at present the Chinese leaders seek to exclude the U.S. They try, so far with little success, to drive a wedge between Japan and the U.S. They whisper in Australian ears that Canberra would be better off looking only to Asia and not across the Pacific. And so on.

In December 2005 a milestone was reached as an East Asia Summit met in Malaysia with the U.S. absent, thanks in large part to Chinese maneuvers. Not particularly successful at Kuala Lumpur, Beijing nevertheless seeks an East Asian Community organization lacking the U.S. and with Japan to the fore only if it behaves as Beijing thinks it should.

A major method for Beijing to pursue its two problematic goals is manipulating news and views within China and beyond. If it can skew the truth about Korea, Xinjiang, or Tibet, say, it can affect world opinion and thus discredit American Korea policy, Uyghurs who seek political freedom, or the Dalai Lama. If it can paint the U.S. as an exploitative, pre-emptive bully, unsuited for a leading role in East Asia—especially in private forums or by indirection—it prepares the ground for an eventual Chinese edition of the Monroe Doctrine in Asia.

Beijing manipulates the view of the U.S. and other matters for 1.3 billion people. In this party-state power and “truth” are fused together. Marxism-Leninism is the only permitted public philosophy. The regime is a construct from above; it is not legitimated by elections from below.

Absent in China are independence of the press and public debate about basic foreign policy issues. A few years ago “People’s Daily” faced a sagging circulation that made its self-image as China’s number one newspaper difficult to maintain. China had more than a billion people but only 800,000 copies of “People’s Daily” were being “sold.” By comparison, in the U.S., with a quarter of the PRC’s population, the Wall Street Journal sells nearly 2 million copies a day and USA Today sells more than 2 million. Worse, for Beijing, most of the 800,000 copies were not being bought by actual people paying out of their own pockets, but by work units of the party-state.

The CCP, which supervises “People’s Daily,” did not meet the problem by permitting the paper to offer lively and objective stories. Instead, a directive went out to work units across the land, requiring extra subscriptions to “People’s Daily.” In ten days the circulation doubled to 1.6 million (according to government figures). The officials felt better. Such is the nature of the Chinese media. All newspapers in China are official. All are licensed by the government. The editors of all of them are appointed by the party-state.

Chinese come to the U.S. and read scathing criticisms of President Bush in American newspapers. Americans go to China and never read a word of criticism of President Hu Jintao in “China Daily.” The Chinese state creates a lock-step view of events within China and the world that is completely different from our own marketplace of ideas. As a result, when a foreign policy crisis occurs, our task is made more difficult.

In May 1999, NATO bombers mistook the Chinese Embassy in Belgrade for another structure and killed three Chinese. The Chinese public was angry, as for weeks before Chinese readers and viewers had been told of “American imperialism’s” vicious assault on innocent Serbia. Crowds descended on the U.S. Embassy in Beijing, hurling missiles and shouting denunciations of the “deliberate attack by American imperialism on the property and lives of People’s China.” The Chinese demonstrating against the U.S. were bussed to their appointed sites by Chinese government organizations. President Clinton had made a televised apology to Beijing for the assault, but no hint of Clinton’s words was given to the Chinese public as the demonstrations raged. The Chinese media continued to present the bombing as a calculated attack on China. After four days the Clinton apology was conveyed (in brief) to the Chinese public. The hose of protest had been turned on. Now it was turned off.

An even less justified piece of political theater occurred in May 2001 when a U.S. reconnaissance plane and a Chinese fighter collided and the American EP-3e limped in emergency to a Chinese airport. Beijing spoke of the Chinese pilot as a lamb mauled by the wolves of imperialism, rather than a careless pilot who made a mistake. The Chinese public were led to believe American imperialists had victimized a Chinese young man. That Beijing after two weeks changed its tune, released the American EP-3e crew, and stopped talking about wolves and imperialism was an act of *raison d’etat* that had nothing to do with the truth of the matter.

Asymmetry marks access and the atmosphere surrounding information in the U.S. and China. Some 100,000 Chinese students are on our campuses, enormously more than the number of Americans on Chinese campuses, and they have extraordinary access to information in this country, whereas many sensitive materials are withheld from Americans in China.

Hundreds of prominent Americans who know a lot about China are pro-Beijing and critical of U.S. China-policy in public statements. That is their right. But there is no equivalent community of U.S. specialists within China that is pro-American and criticizes Beijing’s policy toward the U.S.—nor could there be.

The professions in China are not autonomous as they are in the U.S. As well as journalists, professors, most lawyers, and clergy for licensed religious organizations are all beholden to the party-state. Hence journalism exchanges between China and the U.S. are flawed projects since Chinese journalists are not independent. Chinese judges are not in a relation to society and the state comparable to U.S. judges (a few Chinese lawyers are independent like American lawyers, but they are not the type Beijing chooses for law exchanges with the USA).

Time and again an American leader speaks in China after a promise from Beijing that the remarks will be transmitted unaltered to the Chinese public, only to find that sensitive parts have been cut. “People’s Daily,” reporting the joint press conference between President Clinton and President Jiang Zemin in 1998 omitted Clinton’s words on freedom, Tibet, and the Tiananmen tragedy of 1989. When Clinton went to church and spoke to a congregation of 2000, “People’s Daily” did not mention that event. Nor did the paper offer the barest word of Clinton’s free-wheeling speech at Beijing University the previous day. In Beijing in July 2001, Secretary of State Colin Powell’s TV interview was eviscerated to omit his criticisms of the PRC human rights record, in breach of an agreement with the U.S. Embassy that Powell’s remarks would be relayed in full. Vice-President Cheney’s speech in Shanghai in April 2004 was gutted of key passages about democracy after a promise to transmit it in full. And so on. The Chinese people cannot know what they do not hear. They are unaware of how much they do not know.

Just as Beijing uses divide-and-rule at the national level to split the U.S. from its allies, it does the same at the level of the individual writer, journalist, or academic. The Chinese try to pick favorites and isolate critics of Beijing. They play favorites among those Americans who are involved with China. They dangle access (as they do with businessmen); they intimidate potential critics.

Let me illustrate Beijing’s cherry-picking of coverage in an American magazine.

In the mid-1990s the “National Geographic” invited me to write an article on the Three Gorges Dam Project. I had done quite a number of articles for the magazine. Some months after the photographer and I began work on the project, Beijing refused me a visa to travel to the dam area and along the river. The “National Geographic” was in a bind. I could not write their article; but they wanted an article. Inevitably they chose another writer to whose views Beijing would have less objection. So Beijing won a quiet victory that remained unknown to the tens of millions of readers of the published article.

Another Chinese method is to plant certain themes in American minds by endless repetition and subtle infiltration. “The U.S is trying to hold China back” says Beijing. Actually, taking 25% of China’s exports seems a strange way of holding China

back. "A Cold War mentality in the U.S. is damaging U.S.-China relations" says Beijing. In truth, North Korea, China's only ally, is the conspicuous Stalinist relic of the Cold War in East Asia, gravely unsettling to Northeast Asia. "Japanese militarism is the great danger in Asia" says Beijing. Never mind that China's is the fastest growing military of any major country in the world, and that the PRC has fought wars on five flanks in the last half-century, during which period Japan's military has killed not one non-Japanese in combat.

To help plant these themes, Beijing draws into its sphere Americans with good knowledge of China and readiness to agree with Chinese policies. All the statements listed above are embraced by more than a few prominent business and media and academic figures involved with China.

In the "New York Times" Jane Perlez and others have repeatedly written long articles about how China is edging the U.S. aside in Asia. "More than 50 years of American dominance in Asia is subtly but unmistakably eroding," Perlez wrote in a typical piece in October 2003. Choosing interviewees to fit her editorial theme, she skewered Bush's Asia policies. She was quite wrong about American decline, as the Tsunami aftermath alone made plain three months later. But Perlez said exactly what Beijing wished her to say. The Chinese lap up such statements, and share them with ASEAN, European, and other diplomats, pointing out that even the most intelligent Americans see China edging the U.S. aside.

Urban China today is essentially a product of foreign money. Those Chinese who have not yet benefited from this new wealth, whether hinterlanders, migrant workers, farmers, or laid-off factory workers see their Communist leaders in cahoots with the money-men of the capitalist world and with an "international community" of favored foreign China-specialists. To a poor rural Chinese, a tourist hotel in a big city is a badge of an unholy alliance between foreigners and the CCP. Inside these hotels, the jet-setting American professor and the foreign investor, conferring with Chinese officials over a banquet of shark's fin soup and cognac, can be seen as gang-ing up with the Chinese party-state against hundreds of millions of Chinese people—and Tibetans and Muslims in Xinjiang—who live in far more modest economic conditions and also in political darkness.

New is the amount of money China has available for its manipulation. The corruption of power was familiar in earlier years of the PRC; the corruption of money becomes more and more evident today. Beijing has become bold with its favors and open wallet. A few years ago at the Chinese side's request, the Kennedy School of Government at Harvard and Qinghua University in Beijing negotiated about a possible joint journalism program. Qinghua University is known for science and technology and has no background at all in journalism. Qinghua clearly wanted to get a foot in the door with Harvard. The main argument used by the envoy from Beijing in the preliminary meeting I attended was that many leaders in the Chinese government were graduates of Qinghua. Influence at the top was available; favors were possible; Qinghua had money for the project.

It is true that Beijing's behavior in the face of the international flow of information has improved in the post-Mao era. Soon after President Nixon's visit to China in 1972, when the "New York Times" and the newly-established Chinese UN Mission were discussing the possible opening of a Times bureau in Beijing, China demanded as a condition that the "New York Times" henceforth accept no advertising from Taiwan or the KMT political party that then ruled Taiwan. Around the same time a planned Harvard faculty trip to China in 1973 was canceled just before it took place because one of our members, John King Fairbank, wrote a favorable review of "Prisoner of Mao," an account of life in a Chinese prison. Mao was still alive at the time of these two incidents. After Mao died there came many changes.

Economic issues replaced class struggle as the apparent priority. The door was opened to selected foreign influences. The whim of the top leader was supplemented with some rules and regulations. By the 1990s the Chinese bureaucracy was impressively professionalized, benefiting Chinese and Americans both. A concern to protect the U.S. market for Chinese goods led to some fresh restraints in Chinese foreign policy.

But Mao's departure did not remove the Leninist basis of the Chinese regime. It was under Deng Xiaoping and still is paternalistic and repressive; it practices divide-and-rule as before. President Clinton, while in office, twice referred to China as a "former Communist country." This only sets us up for disillusionment.

That error occurred before in the 1940s in Yanan and Chongqing. "Mao is not a real Communist" said the China experts of the time. "He's just an agrarian reformer." Now the cry goes up, "Hu Jintao is not a real communist; he's a reformer." It was a mistake in the 1940s and it is a mistake today to miss the underlying Leninism because of its pretty disguise. True, Hu Jintao is no longer very Marxist; Beijing has moved away from class struggle to mercantilist economic development. But

Hu Jintao is a Leninist; he's in power as head of a Leninist party; and Leninism is about control and manipulation.

In 1992 I met up with a former leader of the Tiananmen democracy movement, Shen Tong, then a student at Boston University, on his first trip back to China since the tragedy. He traveled unhindered for several weeks, but in Beijing he was detained in the middle of the night at his mother's home. A phone call from the family reached me at the Jianguo Hotel just before the police cut phone lines at the house. Later that morning, Shen Tong was due to address an audience, including foreign journalists, in a reserved ballroom of the Jianguo Hotel.

Around 9 A.M., as I began to explain to the assembled crowd why Shen Tong was not there, and handed out, in Chinese and English, a text of remarks he had prepared on democracy and China, hotel staff and plain clothes security men broke up the gathering. Pushing scores of people away, they said the meeting was canceled, we were violating the law, literature may not be distributed, and the Jianguo Hotel was being threatened by chaos. Plainclothes men shuttered me in my room. Security officers of Beijing City arrived to grill me. Alerted by the foreign press, a diplomat from the U.S. Embassy arrived. With physical assistance from a Japanese cameraman, the diplomat was pulled into my room.

"You held an illegal press conference," said a security officer. "You distributed some documents." You are a "splittist" who has infiltrated democratic ideas into China, and "hurt the feelings of the Chinese people," said another officer. "What if Chinese went to America, the way you have come to China, and introduced materials hurtful to the feelings of the American people?" The U.S. diplomat snapped: "Chinese in the U.S. may say and write anything they wish."

After two hours a deal was struck. I would be released if I left the Jianguo Hotel and went to the U.S. Embassy. The first thing I did was to prepare and fax an excerpted version of Shen Tong's remarks on democracy and send them to the "New York Times"—which published them as an Op-ed next morning. Still, around midnight, a swarm of public security agents arrived at my hotel room. "You are being expelled from China."

Shen Tong, 14 weeks later, was released and dispatched back to Boston. His request to stay in China and stand trial for his "crimes" was turned down. The Qing Dynasty in 1727 forbade Chinese from living outside of China. The PRC compels outspoken Chinese to live outside China.

I have been back to China many times since that incident, but Beijing wins a victory with such repression and expulsion. Friends of the expelled one in the government are henceforth afraid to meet with him—at least in China. Happily, there is now an unofficial China as well as an official China, and many Chinese in business or the arts are not intimidated in this way.

What should we do about the situation? Our overall China policy can (and currently does) blend full engagement with participation in preserving an equilibrium in East Asia that discourages Beijing from expansionist policies. No contradiction exists between these twin stances. There are two China's, after all: a command economy that sags, and a free economy that soars; a Communist Party that scratches for a *raison d'être*, and 1.3 billion individuals with private agendas. Being wary of authoritarian China while engaging with emerging China is a logical dualism.

We should avoid wishful thinking about the nature of the Chinese state. We should continue to be a beacon of freedom in our own conduct and rhetoric. We should be aware of the asymmetry in cultural exchanges with the PRC. We should resist the Chinese divide-and-rule policies by a stance of solidarity with those whom Beijing singles out for exclusion. We should talk back to the CCP every time they mock the freedoms of the U.S. or deny the repression of their own rule—just as did the U.S. diplomat who snapped to security officers in my room at the Jianguo Hotel: "Chinese in the U.S. may say and write anything they wish." I worry at times that authoritarian China has an advantage over the U.S. It can take the long view, hide plans it does not want revealed, pull the strings of Chinese public opinion, set the agenda of international organizations while doing little to implement their decisions, win access to American society that far outstrips our access to Chinese society, and deceive many non-Chinese about all this by its practice of political theater.

Yet ultimately an authoritarian regime is not strong. The average life-span of the European Leninist regimes that collapsed between 1989 and 1991 was only a few decades; the Chinese Communist regime is now 57 years old, 17 years short of the life-span of the Soviet Union, the longest running authoritarian regime of modern times. Democracies sound raucous, but the U.S. and Australia, to take two examples, have been stable for a period that runs into centuries. The oxygen of freedom prevents many evils. Our quarrel over the manipulation of news and views is not with Chinese culture, or the Chinese people, but with the Communist party-state. It manipulates and lies because that was its political upbringing. It strokes the

feathers of sycophants and ditches independent spirits because that has been the Leninist way in every single country where a Communist Party has held a monopoly of political power.

In our ultimate optimism about freedom's spread, we cannot overlook that the great civilization at the heart of Asia is still spearheaded by a regime that resents American power and stymies some of the finest traits of China's culture and people.

Mr. ROHRABACHER. Thank you. That was very thought-provoking. Just a few thoughts.

Dr. Terrill, many of us do not believe that the demise of Soviet Communism in Russia happened just because that is what the people wanted, and it just happened, or it had run its course. Many of us believe that people like Constantine Menges and others who fought for many decades to bring about that outcome were actually part of making history, rather than watching history. And of course, what we are discussing today is whether or not that same sort of commitment is necessary for world peace to be preserved in the long run, to make that same sort of concerted effort, to make sure that the Chinese Communist system follows along after what happened in Russia.

And again, I don't believe it will just happen on its own. Now, your analysis may be from a wider perspective; you do have certainly many, many hours of reading and study on these issues more than I do. But I think also that we are talking about an analysis that can be defended on this side, as well; that history is something we will make, rather than something that we will watch.

I note we have with us a colleague, Mr. Wilson, Joe Wilson, from South Carolina. And he showed me his card, and I do think it is interesting that Congressman Wilson's card is printed like the rest of ours in English on one side, but Chinese on the other. And this may be an ominous trend, but we will let him describe that when he has his time of testimony.

Let us get to some of the substance here. I would just say that, Dr. Pickert, your testimony concerned how China is actually trying to position itself within the global institutions, like United Nations and others, so that those institutions are either made impotent or undermined in their ability to accomplish their goals. Is that right?

Mr. PICKERT. Yes. Yes.

Mr. ROHRABACHER. And what would you suggest that we do to counter that?

Mr. PICKERT. Well, I think the systemic rules of the UN are completely egalitarian, in the sense that in the General Assembly you have one vote, and in the Security Council the five permanent members all have equal power.

So it really is a matter of skill and diplomacy. But you have to understand that there are great limitations about what the UN can do, and not have higher expectations than are possible. And I think the Chinese have figured that out, and are using the UN more as a damage limitation mechanism than as a positive part of their influence.

Mr. ROHRABACHER. In other words, you are suggesting that the Chinese strategy in the United Nations is basically to prevent it from becoming activist to the point that it can thwart Chinese aims.

Mr. PICKERT. That is correct.

Mr. ROHRABACHER. Rather than being an instrument of Chinese aims.

Mr. PICKERT. That is correct. On the other hand, the General Assembly and the basic principles of the UN, if used by the member states, can be used and have the basic principles of democracy and freedom, self-determination, all of the rules that we want to happen are in the charter itself so it can be used to further our interests if we take care to use it properly, and are energetic in supporting the ideas and using it ideologically. Because that is where our greatest advantage is; we can't abandon the field and accept the rhetoric of the other side.

The difficulty in the Chinese case is that they have now taken the Marxist/Leninist rhetoric out of all its vanilla message that is given, only process, not substance. We have to make sure that the substance of our values are expressed there, not just the number of votes and what the resolutions mean.

Mr. ROHRABACHER. I would suggest that the United Nations—and this, of course, is a matter of an ongoing debate here in the Subcommittee, but whether or not the United Nations actually has the potential, considering the basic power of the United Nations flows from many non-democratic and anti-democratic governments. Whether or not that dream was actually achievable in the first place.

But at the very most, we must be careful that the United Nations isn't used against us by regimes like China. That list of all the members of the Human Rights Commission was pretty pathetic.

Mr. Tonelson, we have seen this incredible growth of economic power in China. Was this a mistake? Was this a coincidence? Was this something that you see was planned out? Was it done at the expense of the American manufacturer and workers? Or do you see this as just a natural outcome of an opening of markets?

Mr. TONELSON. There is no question that much of China's economic progress and technological progress has come at the expense of United States workers, and also of United States domestic companies.

It is also true that much of China's economic and technological progress has been fueled by the activities of United States multinational companies that have increasingly behaved as if their fates are rather divorced from that of the American national economy as a whole, except to the extent that they still rely overwhelmingly on the American consumer.

They think that the American consumer can loom very large in their business models, but the American worker really doesn't need to. They keep forgetting that most American consumers are also American workers. Luckily for them, the rest of the world, including the central banks of China and Japan and South Korea and Taiwan, have decided to lend us a lot of cheap money to keep on buying the products that they make.

Mr. ROHRABACHER. Okay, let me get to more specifics here. Clearly the United States had a policy that we wanted to build the Japanese economy after the Second World War. That was an intentional policy. I don't believe that that necessarily had to do with

something that was forced upon us, or manipulated by big U.S. corporations.

Mr. TONELSON. No.

Mr. ROHRABACHER. But it was a strategic move. During the 1970s and 1980s we saw a similar building of another economy, that on the mainland of China.

Was this a strategy of the United States? Or was this strategy a product of major corporations manipulating American policy so they could make a quick buck?

Mr. TONELSON. I think the evidence as to whether or not it was part of a conscious U.S. strategy is really pretty mixed.

On the one hand, you have had statements from President after President saying that we welcome the rise of China as a great economic power, as a great technological power. We want China to take its rightful place in the world economy after decades of self-imposed isolation.

At the same time, these very same Presidents have clearly not only approved of, but encouraged, a policy of multinational corporations literally showering China with as much money and as much advanced military relevant technology as they possibly can, as quickly as they can.

Clearly, multinational companies have viewed production in China of increasingly advanced goods as a wonderful profit center. It is a tremendous opportunity for them to take advantage of China's very low costs, not only in labor, but in terms of taking advantage of the various subsidies that the Chinese Government offers to not only Chinese manufacturers, but United States-owned manufacturers as long as they operate in China.

Yet I don't think U.S. multinational companies have a long-term plan for anything, frankly. I think they have a great deal of trouble looking past the next quarterly report. They are under tremendous pressure in that regard.

But by the same token, they should not have the kind of prominent role that they have in setting United States/China trade policy, United States/China technology policy, and certainly United States/China national security policy, as they have right now.

Mr. ROHRABACHER. Your testimony was very specific, and I might say accurate, from my point of view, and from my vantage point here in this chair, having been here 18 years in this Body. Certainly you can see that major corporations are out there trying to manipulate American policy toward China. And it is not trying to manipulate it into becoming a more democratic China. The policy is directed toward making production available in China in order to make money, and not really any demand that would force China in a democratic direction.

Mr. TONELSON. No, they have no concern about that whatsoever. In my personal view, they should not have any concern along those lines. It is not their job.

I think that our system works best when public companies focus on maximizing shareholder value.

Mr. ROHRABACHER. It is our job.

Mr. TONELSON. It is your job to make sure that their activities are in tune with the U.S. national interests.

Mr. ROHRABACHER. Let me note this. As I mentioned earlier, I believe there was an intentional policy by the United States Government to build the economy of Japan, our former enemy. We saw all the evils that Japan was capable of. Yet we built Japan into a mighty economic force in the world.

Then we started building the Chinese economy. And I do believe that was part of a strategy that was in sync with our corporations, as well. But it was a United States strategy.

However, where you see the break is that in Japan, there never was a Tiananmen Square in which the Japanese reversed their democratization, and headed back toward totalitarianism.

And I would suggest that we helped them build their economic infrastructure. And should we not have pulled back at Tiananmen Square? Should that not have been a signal to us that we shouldn't be moving forward with a country that is not involved with democratic reform, as happened in Japan?

Mr. TERRILL. We did pull back, Mr. Chairman, for several years. But Deng Xiaoping also pulled back. Two years later the Soviet Union fell, and the Chinese Communist Party had a big crisis. And Deng Xiaoping resisted the ultra-leftists who wanted to close the doors again, and said the Chinese Government was going to save Leninism with consumerism.

Now, this is a very complicated and morally mixed business. But the Chinese themselves went further in reform in order not to suffer the fate of the Soviet Union. This was a decision without which, whatever our companies did or didn't do, would have resulted in some of the advances that marked the Chinese economy in the late 1990s.

I agreed with what you said about President Reagan. I must have stated my view about non-intervention too crisply. Reagan engaged with the Soviet Union, but he spoke rightly about their feet of clay, and their being an evil empire. And that is what we have to do with China.

Reagan's military buildup of course was important to the fall of the Soviet Union. But what Mr. Rumsfeld has said and done on behalf of the President is comparable. And the words of the American Presidency in China are tremendously important, such as when Reagan spoke in Shanghai in 1984. Then come to President Bush who spoke in Kyoto about China 2 or 3 months ago, with a very crucial passage about democracy in Asia. The Chinese Communist Party cut out this passage from their coverage of his speech, but a lot of Chinese got it anyway.

The impact of this is great. But it is not like Grenada and Iraq, where we actually go in and change a regime; that is what I was trying to say. But we will influence the change. We will influence the coming change.

Mr. ROHRABACHER. In Russia, I remember very distinctly a fight that President Reagan had between the government policy, our policy of the Administration of the United States, his policy as President, and the policy of corporate America, which was to build this natural gas pipeline. I remember that was the first big issue there. Should we be helping the Europeans build this huge pipeline between Russia and our Europeans?

And Reagan never engaged the Russians economically in the way we have been engaging the Chinese, especially since Tiananmen Square.

Mr. TERRILL. Were they worth engaging economically?

Mr. ROHRABACHER. Excuse me now?

Mr. TERRILL. Were the Russians worth engaging with economically to the degree that China is?

Mr. ROHRABACHER. Well, my guess is if we would have given them the same kind of investment nod and gone over there with investment guarantees, et cetera, that we have given to the people—that we have invested in China, that there would have been a buildup of their capabilities, as well. But that is just my guess.

Mr. Delahunt, would you like to—go ahead.

Mr. DELAHUNT. I want to thank you for the testimony. And just a quick question for Dr. Pickert.

You list on the like-minded category, I had it right here—bear with me for a while—like-minded meaning those that banded together to—well, let me read it: “The goal of the like-minded group is to prevent the UN from considering specific cases of human rights violations in their countries.”

It is a list that I can generally agree with, I am just surprised about the inclusion of India and the Philippines. Do you consider those two nations appropriately part of the like-minded group? I would call them less than democracies.

Mr. PICKERT. What I would say in both cases of India and the Philippines, at the time the group was formed in the Human Rights Commission, both countries, and both countries still today, deal with both terrorism and minority groups in ways that they don’t want the UN sticking their nose into. So that that is what essentially is the bottom line.

Mr. DELAHUNT. I would think that both the Ambassador from India and the Philippines might take exception.

Mr. PICKERT. They might, but—

Mr. DELAHUNT. Is this your list, or is this—

Mr. PICKERT. No, this is the group. They made themselves up.

Mr. DELAHUNT. Well, thank you for edifying me. I am going to have to do my own research.

Mr. PICKERT. No, it is a group that is a caucus in Geneva in the Human Rights Commission.

Mr. DELAHUNT. That is interesting, and I appreciate the information.

Mr. PICKERT. But it is a little bit of the non-aligned and G-77 caucuses, also.

Mr. DELAHUNT. Okay. They could have—

Mr. PICKERT. No, I didn’t make it up, they did. They made it up themselves.

Mr. DELAHUNT. Very good. Mr. Tonelson, I appreciate your testimony, also. And the idea of the funding of the think tanks I think is something that is very worthy of note. And the influence of the multinationals, as you describe them.

To put it in more colloquial terms, I think what I am hearing is that you are suggesting, if not saying outright, that the Chamber of Commerce has become an arm of the China lobby in this country. Is that a fair statement?

Mr. TONELSON. Well, the China lobby could be many different things. It could certainly be a group of organizations that lobbies for whatever it thinks is best for United States/China relations. But what I specified in my testimony was that in at least one instance, one very important instance, the Chamber of Commerce admitted it lobbied on behalf of the Chinese Government. It represented Chinese Government views to Members of the U.S. Congress. That is totally different.

Mr. DELAHUNT. A rather new role for the Chamber of Commerce.

Mr. TONELSON. A very new role that should be regulated, under the Foreign Agents Registration Act.

Mr. DELAHUNT. Did they lobby in terms of political issues, or strictly on economic issues? If you know.

Mr. TONELSON. No, no, no, no, no. This was to convey the Chinese Government's views on the accidental United States bombing of the Chinese Embassy in Serbia in 1999. This had, as such, nothing to do with business or economics, whatever.

Mr. DELAHUNT. And you identified three think tanks.

Mr. TONELSON. There are many, many more.

Mr. DELAHUNT. Okay. But the most prominent ones are the Brookings, the Heritage—

Mr. TONELSON. I wouldn't call them the most prominent. They are simply three prominent think tanks that are well known. My testimony, the full written statement, lists literally dozens more, on left, right, center, it doesn't seem to matter.

Mr. DELAHUNT. Right, irrespective of ideology.

Mr. TONELSON. It doesn't seem to matter.

Mr. DELAHUNT. I guess this is to you, Dr. Terrill. And I appreciate you making the distinction.

I have always understood Communism to implicate an economic theory. And I think the way you distinguish, in your remarks, between Leninism and Marxism is very important. I mean, is China still, in terms of economic theory, still a Communist state? Has it helped to make that distinction, I think, for most Americans to understand that changes have occurred for the very reasons that you described that they had to in the aftermath of the demise of the Soviet Union?

Mr. TERRILL. The belief in Marxism has gone. The Leninist control remains. We are on new territory. This has never happened before that Marx and Lenin have been—

Mr. DELAHUNT. Separated.

Mr. TERRILL [continuing]. Quite so far apart. But Chinese culture and Chinese civilization is a very estimable and interesting phenomenon. And things may not happen exactly as in the case of the Soviet Union.

But remember that the Chinese had such a hell of a time in the cultural revolution, not paralleled by any phase of Soviet history, that they had to flee from that leftism. Deng Xiaoping was a victim of Mao. And they went very far against Marxism because they felt desperate.

Mr. DELAHUNT. And I agree. I also took note of your language that we are at a disadvantage, at least in the short term, when it comes to competing with authoritarian and totalitarian regimes, in the sense that they can hide things that they don't wish to discuss.

And I am sure you heard my rant earlier about the need for oversight when it comes to Iraq.

But I think in the long term, we have the advantage. Because despite the natural inclination to hide bad news, we do vet it out in one way or another to the American people. And that is why, I think, we have had such a record of stability, as you say, for centuries.

And I think part of that, and I understand the asymmetry that you refer to, I mean, I welcome those 100,000 Chinese students here. Now, I am sure some of them are here for purposes of espionage, et cetera, et cetera. But by and large, I suspect that their experience here in this country is a very beneficial one in terms of the long-term bilateral relationship. In the sense that they understand us, that they begin to understand our real intentions, which I don't think are in any way hostile to any nation. They begin to also understand pluralism. They understand our ability to disagree at times, in very loud and strident voices.

But I think it is important. I am very concerned about what I see as a decline in the matriculation, if you will, of international students to our universities. I think after an experience here, particularly in your youth, oftentimes those students go back to their native countries, not just China, but assume leadership roles in their nations. And by and large have a better understanding and a more favorable view of America, what we stand for, and what we are truly about.

Do you have any comment?

Mr. TERRILL. To put it bluntly, helping educate their youth is one of the most cost-effective ways in which we can affect the future of China in the direction favorable to our interests.

Mr. DELAHUNT. You know, I would also think that, as part of our policy, we should aggressively insist in our bilateral relationships with Leninist China and other nations that are potentially our adversaries, to open up to American students.

I think it is important, because I think our young people oftentimes are our best Ambassadors. They are on the ground, they are learning. They come back, and they give us, I think, a better understanding of the challenges that we face, and the opportunities that we may have.

But again, in the larger scheme of things, that doesn't sound like a major initiative coming from an Administration as part of negotiating with the likes of the like-minded countries, for example. But having a plethora of American students and academics—those are the kind of things that I think, in the end, are very, very important to a more full measure of understanding.

Anyone care to comment?

Mr. ROHRABACHER. The Chair would like to comment. I would hope that if we have these hundreds of thousands of Chinese students, that they are not all studying the nuclear technology and how to make a bomb physics, and chemical biological weapons chemistry, and all of those other issues that will help create a better, more democratic China.

But unfortunately, a large number of the Chinese students that come here are studying specific trades that will not lend itself to-

ward reform in China, but instead will bolster the military power of an anti-democratic regime.

However, if we could have management training and things like that, that might be a good idea to have some of their students. And I do think it is always a good idea to have U.S. students go abroad, even though when they leave, a lot of the students, like all students do, find fault with their families and their country, which is natural.

Mr. DELAHUNT. You will discover that, Mr. Chairman, when those triplets—

Mr. ROHRABACHER. When my kids grow up. But when they come home from traveling overseas and see what it is like in those countries, they generally have a better attitude here. So student exchange is certainly good, as long as we are not just training people—

Mr. DELAHUNT. I think in the case of China, I think I would daresay, given what I have read—and I would be interested in any response from the panel, the numbers that I heard just this past weekend. I happen to serve on the Board of Trustees of my own alma mater, which is Middlebury College up in Vermont. And there are 70,000 American students that are graduating with degrees in mathematics, the sciences, engineering, et cetera. And in China it is now in excess of 400,000.

You know, I think we made a mistake if we feel that we are that far ahead in terms of our educational system, and that nothing is happening in these other countries. I think that what we are seeing elsewhere in the world is that the attraction of higher education here in America is not once what it was.

Mr. Tonelson.

Mr. TONELSON. I would make three points in response.

First, although we like to think that the better citizens from all countries know each other, the more international understanding will be produced, I don't think we should underestimate the ability of products of what is essentially a system of thought control—because that is what Chinese education has been for decades, a system of thought control—to come to another country that is very, very different, and to see what they want to see, and to interpret it as they have been told to. I would not underestimate that ability for a minute.

Even Americans who go abroad, everybody tends to see what they want to see, and to interpret it according to what they have already been taught for their whole lives. So I think there are some very important natural limits here, and we should not imagine that there is such a tremendous upside to student exchange.

The second point I would make regarding foreign students here is that we have to remember that there is a very important lobby that is continually agitating from bringing more and more foreign students here, for reasons having nothing to do with spreading enlightenment. And it is the university lobby. And the reason? Foreign students, as you know, I am sure, from your work with Middlebury, pay full freight. They are a great revenue source, and they are growing. They pay full freight.

The third point that I would raise—

Mr. DELAHUNT. I can't accept that premise that they do full freight, because again, this weekend, I just had an opportunity to review. And a number of these international students are here on scholarship or are here with substantial financial aid.

Now, I will say this, coming from Boston. The numbers of wealthy and affluent foreigners that come to Boston for medical care are significant in terms of, no pun intended, the financial health of our hospitals, et cetera, because they do come and they pay full rate.

But that is not the experience I have as far as students are concerned.

Mr. TONELSON. The final point that I would make is that at least in my experience, which was only 3 months of basically living at two Chinese universities, the constant complaint that I heard from graduate students in particular who wanted to come here to study is that you are chosen to come to the United States if you are well-connected politically or socially, or if you have some contact. So I think we ought to be very careful about assuming that the Chinese students who come here are a full and representative cross-section of Chinese studentdom.

Mr. DELAHUNT. I am not suggesting in any way that they represent, you know, all strata of that society. But I am absolutely convinced that after 4 years or 5 years or 6 years here—and we all do come to everything with certain biases and experiences and education—that we do impact them. I have absolutely no doubt about that.

Mr. TONELSON. I certainly hope so.

Mr. DELAHUNT. I hope I am right. I yield.

Mr. ROHRABACHER. I would like to thank the witnesses on both panels for their contribution today.

Here we are in the middle of the war against radical Islam. Obviously we are in a crisis moment in American history in terms of this great challenge that we face. And I think Dr. Terrill was mentioning that that may be over in 4 years, but what history has in mind for us with China may well not be over. And the challenge of a totalitarian China, which is becoming ever more powerful, is something that we must put not on the back burner, but on the front burner. We have got to keep it in our areas of discussion and of strategy. And if we don't, there will be a major price to pay for future generations.

We are very grateful that people like Constantine Menges, at the end of his life, focused specifically on this, and left us an analysis and suggestions on how to approach this challenge.

So I appreciate all of you joining us today to add your words to this study, and your contribution to understanding what the challenge is that lies ahead and that we are in right now.

So with that, if anyone has any questions of any of the witnesses, we would hope that they could present them to you. Anything that you would like to add to the record should be submitted within the next 7 days, and will be made part of the record.

And with that said, this hearing is now adjourned.

[Whereupon, at 4:35 p.m., the Subcommittee was adjourned.]

